Independent Review of Westpac Banking Corporation's Integrated Plan to Remediate Risk Governance Deficiencies

Prepared by Promontory Australia, a business unit of IBM Consulting
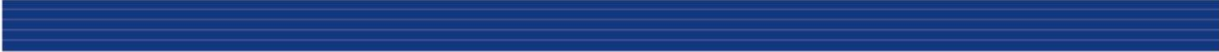
Fourth Report

8 February 2022

Promontory Australia, a business unit of IBM, has been engaged to provide external ongoing assurance to Westpac Banking Corporation over the development and implementation of its Integrated Plan, which reflects the requirements of the Court Enforceable Undertaking entered into with the Australian Prudential Regulation Authority on 3 December 2020.

This Fourth Report is provided solely for the purpose of Promontory's assurance over the status of compliance with the Enforceable Undertaking, in the context of the requirements for the development, execution and implementation of the Integrated Plan.

A representative of Westpac has reviewed a draft version of this Fourth Report for the purposes of identifying possible factual errors. Promontory is responsible for final judgement on all views and information in this Report.

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Contents

Abbreviations & Definitions

Abbreviation	Definition
19 Workstreams	Westpac's 19 Workstreams in the Integrated Plan as set out in Section 1.2 of this Report
3LOD	Three Lines of Defence
Activity	Each Deliverable in the Integrated Plan is comprised of a number of Activities, classified as either a 'Design', 'Implement' or 'Embed' Activity
APRs	Advisory Panel's Recommendations
APRA	The Australian Prudential Regulation Authority
AUSTRAC	The Australian Transaction Reports and Analysis Centre
BAC	Board Audit Committee
BAU	Business as usual
BLRCC	Board Legal, Regulatory and Compliance Committee
BRC	Board Remuneration Committee
BRiskC	Board Risk Committee
CAF	Capability Assessment Framework
CEO	Chief Executive Officer
Closure Pack	A package of documents collated by Westpac and submitted to Promontory, which sets out the tasks completed and materials evidencing completion of an Activity
CoE	Centre of Expertise
CORE Program or the Program	Westpac's Customer Outcomes and Risk Excellence program
CORE Team	A centralised team of the CORE Program responsible for managing various aspects of the CORE Program, including information flows across the various governance forums, Workstreams, Divisions and with Promontory
CRO	Chief Risk Officer
CSA	Current state assessment
Deep Dive	Meetings that allow for an in-depth examination of a particular topic
Deliverable	Each Workstream comprises a group of Deliverables

Abbreviation	Definition
DDF	Detailed Design Forum
DDGF	Divisional Delivery Governance Forum
DIL	Divisional Implementation Leads
Director Touchpoints	Periodic meetings between Directors and accountable GEs on specific Workstreams
Divisions	Westpac's business comprises Consumer & Business Banking, Chief Operating Office, Customer & Corporate Relations, Finance, Financial Crime, Compliance & Conduct, Human Resources, Legal & Secretariat, Risk, Specialist Businesses, Westpac Institutional Bank and Westpac New Zealand
DROC	Divisional Remuneration Oversight Committee
EPC	Enterprise Portfolio Committee
ET	Executive Team
ETT	Executive Team Transformation
EU	Court Enforceable Undertaking
FCC&C	Financial Crime, Compliance & Conduct
First Report	Promontory's first report on the Independent Review of Westpac's Integrated Plan, dated 5 March 2021
Fourth Report or this Report	Promontory's fourth report on the Independent Review of Westpac's Integrated Plan, dated 8 February 2022
FPMP	Frameworks and Policy Management Policy
FROC	Functional Remuneration Oversight Committee
GE	Group Executive (generally reporting to the Chief Executive Officer)
GM	General Manager (generally reporting to a GE)
GTO	Group Transformation Office
HR	Human Resources
Integrated Plan or the Plan	The plan Westpac has established to address APRA's concerns and to uplift Westpac's risk governance
Interdependency	A linkage across Activities in different Workstreams within the Integrated Plan

Abbreviation	Definition
JUNO	Westpac's integrated risk and compliance management system
Line 1	Westpac's First Line of Defence, the front line and operational Divisions
Line 2	Westpac's Second Line of Defence, the Group Risk function
Line 3	Westpac's Third Line of Defence, the Internal Audit function
LoB	Line of Business
Original CORE Program	The July 2020 Customer Outcomes and Risk Excellence Program
Package	Westpac's delivery mechanism that groups Activities in the Integrated Plan over a coming 90-day period to create a consolidated view of Divisional change requirements over that period
PMO	Project Management Officer
Program Dependency	A linkage between a Workstream from the Integrated Plan and another program of work outside of the Plan
PVB	Purpose, Values and Behaviours
Program Deliverable Metrics	A set of Deliverable-level metrics in the Integrated Plan used to consider progress against the Target State for CORE Program Deliverables, across the period of the Integrated Plan.
Program Outcome Measures	Program Outcome Measures are defined at the level of the Program utilising BAU Business Performance Measures and used to assess progress towards achievement of the overall objectives of the Program
Promontory	Promontory Australia, a business unit of IBM
QBR	Quarterly Business Review
RAG	Red/Amber/Green rating
RAS	Risk Appetite Statement
RFP	Risk Fundamentals Training Program
RMF	Risk Management Framework
Reporting Date	31 December 2021
Reporting Period	This Report covers the period 1 October 2021 to 31 December 2021

Abbreviation	Definition
ROC	Remuneration Oversight Committee
Second Report	Promontory's second report on the Independent Review of Westpac's CORE Program
Six-Monthly Review	Semi-annual review of the impact, effectiveness and sustainability of the CORE Program by Westpac
SME	Subject Matter Expert
SoAs	Statements of Accountability
SteerCo	The Westpac executive-level Steering Committee for the CORE Program
STVR	Short-Term Variable Remuneration
Third Report	Promontory's third report on the Independent Review of Westpac's CORE Program
Westpac, WBC or the Bank	Westpac Banking Corporation
Workstream or WS	A specific Workstream in the CORE Program, e.g., WS1 refers to Workstream Number 1 on Board Risk Governance

Executive Summary

Westpac's three-year Integrated Plan, which commenced in March 2021, aims to lift substantially its risk governance efforts and to remediate its risk governance deficiencies as set out in the Enforceable Undertaking with the Australian Prudential Regulation Authority of 5 December 2020.

The Integrated Plan comprises Design, Implement and Embed Activities which together form a comprehensive agenda of change, addressing culture, governance and accountability related initiatives. Within Westpac, the implementation of the Integrated Plan is being conducted under the Customer Outcomes and Risk Excellence Program or CORE Program.

This Report covers all activity in the period from 1 October 2021 to 31 December 2021. The status of the Program is reported as at 31 December 2021.

The Integrated Plan remains on track in terms of completing activities within the planned timeframes. Nevertheless, much remains to be done to implement and embed the desired changes. Westpac needs to stay the course to complete this ambitious change agenda to ensure that it can manage its risks capably and sustainably into the future.

Promontory has delivered three independent assurance reports since March 2021. The focus of this Fourth Report continues to be on ongoing independent assurance of:

- Westpac's compliance with its Enforceable Undertaking with the Australian Prudential Regulation Authority, under which Westpac established the Integrated Plan to address its risk governance deficiencies;

- the status of Westpac's compliance with the Integrated Plan; and

- whether Promontory considers the implementation of the Integrated Plan to be effective and sustainable, and the reasons for Promontory's conclusions.

Program Status

As at the Reporting Date, the Integrated Plan comprised 82 Deliverables consisting of 343 separate Design, Implement or Embed Activities. This is an increase from the previous 80 Deliverables consisting of 327 Activities, due to changes that were approved following the first periodic review of the Integrated Plan.

As at the Reporting Date Westpac had delivered Closure Packs for 167 Activities to Promontory out of the total of 343 Activities (49 percent).

The Program has completed most Design Activities. By the Reporting Date, 83 of the 118 design-related activities (70 percent) had been completed and assessed as complete and effective by Promontory.

As observed in previous reports, it is important in ambitious change programs like the CORE Program to focus attention as early as practicable on implementation and embedment of the desired changes. Westpac has advanced work on implementation activities. By the Reporting Date, Westpac had delivered Closure Packs on 65 (of a total of 136) Implement Activities (48 percent), of which Promontory had assessed 41 as complete and effective (30 percent).

The most time-consuming but arguably the most important phase of the Integrated Plan is the embedment phase. By the Reporting Date Westpac had started or completed work on 31 (out of a total of 89) Embed Activities (35 percent), and Promontory had assessed 4 Embed Activities (4 percent) as complete and effective.

Westpac also commenced active consideration of formal principles designed to ensure the sustainability of the risk governance reforms during this period.

One of the five identified root causes for Westpac's risk governance deficiencies is its program execution capability. Westpac is now moving its program execution in the implementation and embed phases of the Integrated Plan. As it does so, it both:

- faces the test of addressing that deficiency in an ambitious and far-reaching change program; and

- has the opportunity to uplift program execution capability to deal with the challenges of the future.

Program Governance

Over the Reporting Period the key governance forums, including the Board Risk Committee, Steering Committee, Divisional Delivery Governance Forum and CORE Governance Forum, continued to provide Board and executive level sponsorship and oversight of the implementation of the Integrated Plan. There is support for Program outcomes in communications at the Group and Divisional level, and an emphasis on completing Activities on time. Group Executives and the Chief Executive Officer have been consistently involved in staff communications, including through more personal storytelling about the importance of uplifting Westpac's risk capabilities.

As Westpac moves forward with its change agenda, a challenge for the Board and Executive will be ensuring the Program receives high priority and appropriate resources given the significant cost reduction program[1] underway in the Bank. It will be an important consideration in relation to shareholder expectations to reduce costs that momentum is maintained in improving Westpac's risk governance.

Promontory also highlights the message from our previous reports – the significant reforms under the Program will take time to properly implement and embed. In this light, Westpac's

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[1] https://www.asx.com.au/asxpdf/20211101/pdf/452f0vnhjsjxrq.pdf

governance forums need to support the achievement of quality outcomes that will stand the test of time as well as tracking the continuing progress of CORE's implementation.

During the Reporting Period Westpac completed its first periodic review of the Integrated Plan. The review provided an opportunity to reflect on progress and challenges and alter the Plan to add some Activities, revise some timeframes and refine outcome measures to define what success looks like. In Promontory's view it is important that Westpac periodically and systematically reviews the operation of the Program to ensure that it remains focused on the desired outcome of uplifting Westpac's risk governance and adapts to changing circumstances. As the Program proceeds Promontory will continue to provide feedback on potential areas of focus for the periodic reviews.

Accountability

Improved accountability, including through remuneration and consequence management, is a critical component of improving Westpac's risk management. During the Reporting Period Westpac largely completed its remuneration round for the current financial year.

As part of its review of the annual remuneration adjustment process, Westpac introduced additional reporting within the Remuneration and Consequence Management Frameworks which highlights areas of accountability and ensures consistency in remuneration adjustments for risk and conduct matters. As part of the frameworks, risk gates, remuneration adjustment guidelines and scorecard modifiers have been implemented and are reviewed annually by the relevant governance forum.

Promontory observed, through meetings of various Board Committees and improvements to the annual remuneration process, evidence of Board monitoring and challenge of remuneration structures to drive an improved risk culture. This was the first occasion Promontory observed the annual remuneration cycle under the enhanced frameworks. Promontory will be observing how feedback is obtained from relevant stakeholders and the incorporation of relevant feedback into the frameworks and processes prior to the next annual cycle.

Program Delivery

In terms of resourcing, during the Reporting Period there was an improvement in filling roles to support the implementation of the Integrated Plan across Workstreams and Divisions, including by recruiting permanent staff to replace contractors who had been retained to support or deliver Design Activity. Westpac estimates an increased cash spend on implementation of the Integrated Plan in FY22 compared to FY21, reflecting increased effort in implementation across the Group. However, as noted above, this is also occurring in the context of a significant cost reduction program at the Bank, and the impact of this will need to be carefully considered as the Program progresses.

Program Outcome Measures have been revised as a result of the periodic review. For example, additional customer-oriented measures have been included through incorporation

of metrics including the Net Promoter Score. Examples of December 2021 Target Outcomes achieved by the Reporting Date include product simplification through a reduction of more than 150 products, and accountabilities being recorded in formal Statements of Accountability. Promontory will closely monitor the quality and reporting of the new Program Outcome Measures and Program Deliverable Metrics, and how the measures and metrics demonstrate that Westpac is progressing towards the desired outcomes of the Integrated Plan.

Sustainable change to risk governance and risk management requires effective embedment of sound practices across all areas of the Bank. During the Reporting Period, Westpac made progress in the design of a framework outlining its sustainability principles that will be applied across all Deliverables of the Program. Promontory will assess the efficacy of these principles as further information is provided by Westpac on how the principles apply to each Deliverable.

Consistent with the move of the Program from design to implementation, the communications strategy shifted during the Reporting Period to reinforcing that strong risk governance is foundational to running a simpler, stronger bank and for sustainable changes to risk practices and management. This was accompanied by a stronger focus on 'customer outcomes' in communications. With this change in focus, Westpac is seeking to cascade the 'tone from the top' into middle management to improve risk outcomes. To improve the sustainability of the desired outcomes of the Integrated Plan, Promontory encourages Westpac to continue to implement communication strategies to ensure the middle levels of the Group better understand and embrace risk management as an integral part of improving customer outcomes.

Areas of Future Focus

In Promontory's view, the Integrated Plan provides a comprehensive roadmap for improving Westpac's risk management and governance, and for addressing the root causes of Westpac's deficiencies. Westpac's primary challenges are to:

- effectively execute the Plan;

- ensure that the uplift in risk governance is sustainable into the future; and

- continue to learn and adjust as required, based on learnings from the implementation of the Plan and causal analysis of risk events and issues, including those that arise and/or are identified while the Program is in flight.

In relation to this last point, in Promontory's view there is scope to ensure that there is a more structured approach to the assessment of risk issues that emerge while the Program is underway (e.g., issues identified by Internal Audit or regulatory reviews). The aim is to ensure that root causes are effectively understood, and lessons are incorporated into the Program as appropriate. This is separate in the first instance to any assessment of accountability for issues, rather it goes to learning lessons in a way that strengthens and supports the Program. Westpac considered some of these issues in the periodic review and is introducing an ongoing framework for this purpose in 2022.

While risk governance challenges will inevitably arise, improvements to risk identification and management implemented through the Plan will help identify them earlier and support more timely and effective mitigation/prevention. In Westpac's case this needs to be addressed comprehensively by completing the implementation of the Value Chains/ end-to-end risk management approach with first line business leaders being responsible for all the risks of their business.

Promontory encourages Westpac to focus on those areas in which it expects the challenges of implementation to be greatest, including:

- the effective implementation of the Three Lines of Defence risk management model;

- consistent and effective implementation of the Value Chain risk and control identification and assessment;

- sustainably improving risk culture consistent with better customer outcomes;

- addressing data quality; and

- improving technological capability.

1. Introduction

1.1. Background

On 3 December 2020, the Australian Prudential Regulation Authority (**APRA**) agreed to an Enforceable Undertaking (**EU**) from Westpac Banking Corporation (**Westpac**), under which Westpac pledged to lift substantially its efforts to address risk governance deficiencies.

In accordance with the EU, Westpac was required to establish a remediation plan, the Integrated Plan (**Integrated Plan or the Plan**), to address APRA's concerns with the Bank's progress in remediating weaknesses in its risk governance and to uplift its risk governance framework. The Integrated Plan covers both financial and non-financial risk.

Westpac appointed Promontory to provide external independent assurance over the design and implementation of the Integrated Plan.

Promontory has delivered three independent assurance reports on a quarterly basis, since 5 March 2021, with this being Promontory's Fourth Report (**Fourth Report or this Report**) on Westpac's response to the EU. The First Report focused on providing initial assurance over the status of compliance with the EU in relation to the development of the Integrated Plan. Consistent with our Second and Third Reports, the focus of this Report is on ongoing independent assurance of the following:

- the status of Westpac's compliance with the EU;

- the status of Westpac's compliance with the Integrated Plan; and

- whether Promontory considers the implementation of the Integrated Plan to be effective and sustainable, and the reasons for Promontory's conclusions.

This Report covers all activity, including Closure Pack submission, in the period from 1 October 2021 to 31 December 2021 (**Reporting Period**).

The status of the Program is reported as at 31 December 2021 (**Reporting Date**).

1.2. The Integrated Plan and its Scope

The Integrated Plan consists of 19 Workstreams categorised into eight themes, as shown in Table 1.1 below.

Table 1.1: Themes and Workstreams

Theme	Workstream
Board Governance	WS1 - Board Risk Governance

Theme	Workstream
Culture and Capability	WS2 - Executive Culture & Capability
	WS3 - Risk Culture
	WS4 - Organisational Design
	WS5 - Remuneration & Consequence Management
	WS6 - Risk Roles & Capability
Transformation Capability & Delivery	WS7 - Transformation Capability & Delivery
Risk & Compliance Management	WS8 - Risk Management Framework
	WS9 - Non-Financial Risk Reporting & JUNO Functionality
	WS10 - End-to-end Risk & Control Environment
	WS11 - Assurance
	WS12 - Compliance Management
Conduct	WS13 - Conduct Risk
Complaints	WS14 - Customer Complaints
Technology & Data Risk	WS15 - Technology Risk Governance
	WS16 - Data Risk Governance
Financial Risk Classes	WS17 - Credit Risk Governance
	WS18 - Market Risk Governance
	WS19 - Liquidity & Capital Adequacy Risk Governance

All Activities forming part of the Integrated Plan are currently planned to be completed by December 2023, with Promontory's independent assurance running through to 2024.

During the Reporting Period Westpac performed a periodic review (**Six-Monthly Review**) of the Integrated Plan, which resulted in Westpac revising a number of the Deliverables and their underlying Activities. The changes are discussed in Section 2.3 of the Report. There were no changes to the themes or scope of the Integrated Plan during the Reporting Period.

1.3. Promontory's Independent Review Approach

Our role as independent reviewer includes assessing the effectiveness of the Integrated Plan's Design, Implement and Embed Activities:

For Design Activities, we will determine whether:

- the Activity Closure Criteria have been met; and

- there is evidence of a sound basis for sustainably achieving the Deliverable's Target State.

For Implement Activities, we will determine whether:

- the Activity Closure Criteria have been met;

- any outstanding queries identified by Promontory in assessing a preceding Activity have been addressed;

- there is evidence of progress being made towards achieving the relevant Deliverable's Target State; and

- consideration has been given to the sustainability of the Activity being implemented.

For Embed Activities, we will determine whether:

- the Activity Closure Criteria have been met;

- any outstanding queries identified by Promontory in assessing a preceding Activity have been addressed;

- there is evidence of the Deliverable's Target State being achieved, including whether the systems and processes designed for the Deliverable are operating effectively in addressing the Target State;

- there is evidence of the Program Deliverable Metrics being met to the required level;

- the associated deficiencies (including relevant root causes) are being addressed; and

- the Deliverables are *sustainable* so they support and evidence the maintenance of the Target State on an ongoing basis.

As discussed in the previous report, we are continuing our discussions with Westpac on defining our approach to the assessment and closure of the Program Deliverables.

1.4. Assurance Activities

Document Reviews

During the Reporting Period, similar to prior periods, we requested and reviewed documents to facilitate our assessment of the following topics:

- status of Westpac's compliance with the EU;

- status of Westpac's compliance with the Integrated Plan;

- management of execution risks, and the quality of Westpac's governance arrangements;

- how issues related to the Integrated Plan are being identified and managed;

- the sufficiency of funding and resourcing of skilled personnel to support the implementation of the Integrated Plan;

- closed or overdue/extended Activities, if relevant;

- whether the implementation of the Integrated Plan is effective and sustainable; and

- undertake such additional tasks, specific or general, as may be agreed with Westpac and APRA from time to time.

Promontory Deep Dives

Promontory participated in the Deep Dives shown in Table 1.2 below.

Table 1.2: Deep Dives attended by Promontory

Promontory Deep Dive	Date	Topic
Deep Dive 1	2 December 2021	Managing Change Fatigue
Deep Dive 2	2 December 2021	Line 2
Deep Dive 3	6 December 2021	Group Transformation Office (**GTO**)
Deep Dive 4	7 December 2021	Sustainability
Deep Dive 5	8 December 2021	Change Requests
Deep Dive 6	9 December 2021	Program Governance
Deep Dive 7	10 December 2021	Packages and Change Approach
Deep Dive 8	14 December 2021	Outcomes Focus

Promontory also attended bilateral and tripartite meetings with Westpac and APRA, and observed Board meetings, Director touchpoints, and management forums, as discussed in Chapter 3.

1.5. Report Structure

This Fourth Report is structured as follows:

- **Chapter 2** outlines Program progress over the Reporting Period and summarises Promontory's key observations on Program challenges for the future;

- **Chapter 3** summarises Program governance and management;

- **Chapter 4** summarises Program delivery; and

- **Chapter 5** provides details about Promontory's assessment of completed Activities.

2. Program Progress

2.1. Introduction

Within Westpac, the implementation of the Integrated Plan is being conducted under the Customer Outcomes and Risk Excellence program (**CORE Program or the Program**). As at the Reporting Date, the CORE Program was on track with its delivery timetable, with Activities meeting approved targeted completion dates and Closure Packs delivered to Promontory within committed timeframes.

In terms of the overall health of the Program, at the November Steering Committee (**SteerCo**) meeting, the Program reported the status as Green. This was an overall improvement of the CORE Program from the Amber rating in the previous reporting period (September SteerCo), due to the continued delivery of the Program as well as the resourcing gaps that have been addressed.

2.2. Activity Completion and On-Track Status

As at the Reporting Date, Westpac had delivered Closure Packs for 167 Activities to Promontory out of a total of 343 Activities, which is approximately half of the Activities in the Integrated Plan.

As at the Reporting Date, the Integrated Plan comprised 82 Deliverables consisting of 343 separate Design, Implement or Embed Activities. This is an increase from the previous 80 Deliverables consisting of 327 Activities, due to changes that were approved following the Six-Monthly Review of the Integrated Plan. The changes to the Integrated Plan are further discussed in Section 2.3.

The Program has completed most of the design work. By the Reporting Date:

- Westpac had started or completed work on 114 Design Activities.

- Westpac had submitted Closure Packs for 97 Design Activities to Promontory.

- Promontory had assessed a total of 83 Design Activities as complete and effective.

- We had not yet completed our assessment for 14 Design Activities.

The Program significantly advanced work on implementation during the Reporting Period. By the Reporting Date:

- Westpac had started or completed work on 112 Implement Activities.

- Westpac had submitted Closure Packs for 65 Implement Activities to Promontory.

- Promontory had assessed a total of 41 Implement Activities as complete and effective.

- We had not yet completed our assessment for 24 Implement Activities.

The Program started working on Embed Activities during the Reporting Period. By the Reporting Date:

- Westpac had started or completed work on 31 Embed Activities.

- Westpac had submitted Closure Packs for 5 Embed Activities to Promontory.

- Promontory had assessed a total of 4 Embed Activities as complete and effective.

- We had not yet completed our assessment for 1 Embed Activity.

Figure 2.1 provides a summary of the overall Program progress reflecting the status of both the CORE Program and assessments by Promontory.

Figure 2.1: Program progress by Reporting Period
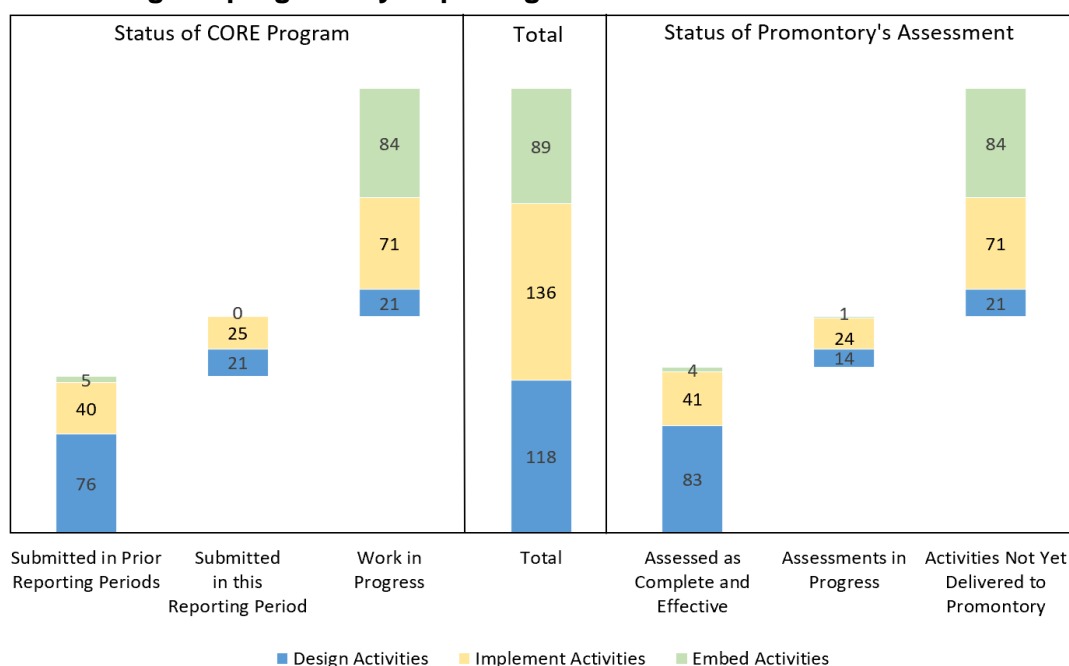
Of the 128 Activities assessed by Promontory, assessments for 26 Activities were completed during the Reporting Period. This consisted of 18 Design Activities and 8 Implement Activities.

Further information on the assessments for these 26 Activities is provided in Chapter 5.

Program progress by Workstream is set out in Table 2.2.

Table 2.2 Program progress by Workstream as at the Reporting Date

WS	Activities with Westpac			Activities submitted to Promontory		Total
	Work not commenced	Work in Progress	Completed but not yet submitted to Promontory	Assessment underway	Assessed as complete and effective	
1	9	8	0	4	9	30
2	4	4	0	3	4	15
3	4	4	0	3	13	24
4	2	6	0	3	10	21
5	0	3	0	1	13	17
6	12	11	0	4	9	36
7	5	8	0	3	15	31
8	9	7	0	1	15	32
9	7	3	0	1	0	11
10	9	13	0	5	13	40
11	2	0	0	2	0	4
12	5	2	0	2	3	12
13	4	4	0	2	5	15
14	1	0	1	1	15	18
15	4	5	0	4	1	14
16	2	6	0	0	3	11
17	2	1	0	0	0	3
18	2	1	0	0	0	3
19	3	3	0	0	0	6
Total	86	89	1	39	128	343

2.3. Six-Monthly Review

The CORE Program completed its first Six-Monthly Review during the Reporting Period. The Six-Monthly Review included a virtual event held over two days to review progress, communicate priorities and discuss areas for improvement. As part of the Review, Westpac:

- considered the experience and lessons learned since approval of the Plan in March 2021, including the root cause assessments of material developments and internal and external reviews;

- reflected on adjustments required to transition to the Implement and Embed phases to reflect the enhanced focus on embedding sustainable outcomes and enable focus on FY22 priorities; and

- considered stakeholder feedback on adjustments required to the Integrated Plan to ensure it remains sufficiently comprehensive.

As part of the Six-Monthly Review, input sought included feedback from Workstreams and Divisions about areas of success and challenge, any changes and interventions required and any proposed amendments to the Integrated Plan, as well as the information and root cause analysis in relation to some material events that occurred since the initial design of the Integrated Plan, such as the Forum Finance matter[2].

The Six-Monthly Review was a critical opportunity to engage with key leaders as it involved the participation of the Chief Executive Officer (**CEO**), Group Executives (**GEs**), senior business leaders, Workstream General Manager (**GM**) Sponsors and Divisional GMs in the Business Control and Monitoring (**BCM**) teams from Westpac. APRA and Promontory also attended the virtual event.

Changes to the Integrated Plan

Westpac considered as part of the Six-Monthly Review that the Activities in the Plan remain largely appropriate. However, changes were proposed to the Plan that were subsequently approved by the Board. These changes were designed to:

- develop greater emphasis on key areas to strengthen capability based on lessons learned;

- refine and simplify some aspects to enable a greater focus on things that will make a difference in improving the risk management discipline and lead to improved and sustainable risk outcomes; and

- adjust some timelines to ensure adequate time to enable and evidence sustained embedment and to reduce parallel activities.

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[2] https://www.westpac.com.au/about-westpac/media/media-releases/2021/2-july/?searchsource=search-results&kw=forum%20finance&cat=news-%26-media-releases&rank=1&result-type=natural

The resulting number of Activities in the Integrated Plan was finalised towards the end of the Reporting Period, as shown in the data in Section 2.2. This reflects an increase from 80 Deliverables consisting of 327 Activities in the previous reporting period to 82 Deliverables consisting of 343 Activities. Westpac will commence reporting on the additional Deliverables and Activities beginning this calendar year.

Target Outcomes 2021

The final results for the December 2021 Target Outcomes were reported at the January 2022 SteerCo meeting. Target Outcomes are narrative-based measures designed around the themes of:

- Business Simplification.

- Purpose, Behaviour and Accountability.

- Risk Management Disciplines.

- Progress on Issues Management and Out of Appetite Risks.

- Transformation and Consideration of Risk in Strategy and Investment Prioritisation.

By the Reporting Date, Westpac assessed that most Target Outcomes had been 'Achieved', 'Achieved, Above Target' or were 'On Track'. However, some Targets were not met and were recorded as having 'Some Issues'.

Westpac, as part of the Six-Monthly Review, revised the Program narrative of 'What good looks like' once the Program is completed and expanded the CORE Program Outcome Measures. This will enable Westpac to consistently track progress and performance over time and across the Lines of Businesses (**LoBs**) and Divisions. These Program Outcome Measures are business as usual (**BAU**) measures that will be used as part of its business performance management that will persist beyond the life of the Program.

Further information on Target Outcomes achieved and the new approach to Program Outcome Measures is provided in Section 4.6.1.

Director Touchpoints

To align with the transition of the Program into the Implement and Embed Activities, Westpac also made changes to the approach to the Director Touchpoint sessions as part of the Six-Monthly Review. The Director Touchpoint sessions in FY22 will now focus on Divisions with separate sessions being held for key Divisions, while some Workstream focused sessions will still be required for certain critical risk classes such as Credit, Liquidity and Data.

The Director Touchpoint sessions will now be held quarterly to align with Westpac's broader quarterly rhythm. Directors have been allocated to Touchpoint Sessions, based on both their existing allocations of Workstream topics (for continuity) and their Board Committee

representation and professional backgrounds. Each Director Touchpoint Session will have two Directors to facilitate discussion. Promontory will observe the new Director Touchpoints as they commence in 2022.

2.4. Major Change Initiatives

As discussed in the Third Report, Westpac adjusted its business operating model to a LoB model. This new model establishes LoBs that address specific customer needs, such as mortgages, business lending, financial markets, and global transaction services.

Promontory observed, as per the prior reporting period, that Westpac continued to implement and build out the LoB Model, the management of risks along end-to-end Value Chains, and the Quarterly Business Review (**QBR**).

There has also been a significant amount of work in relation to the developing tools for the collation and reporting on technology and non-financial risks. These capabilities are designed to enable sustainable day-to-day management of risk in the LoBs.

Following the Six-Monthly Review, the priority objectives for 2022 were defined as follows:

- Embed end-to-end management of risk along Value Chains in the business and build BAU rhythms along business cycles.

- Enable LoBs in the day-to-day management of risk in the business by providing practical and efficient tools.

- Complete Value Chain build-out including prudential standard linkages and progress on controls automation.

Given the importance of the LoB model and particularly the identification and management of risks along end-to-end Value Chains that the LoB model entails, Promontory will continue to monitor the implementation of these policy objectives during 2022.

2.5. Ongoing Challenges and Focus Areas

As Westpac concluded 2021 it is useful to reflect on some future challenges and areas of focus for the year ahead.

In Promontory's view the Integrated Plan provides a comprehensive roadmap for improving Westpac's risk management and governance and addressing the root causes of Westpac's deficiencies. Westpac's primary challenges at this point are to:

- execute the Plan effectively;

- ensure that the uplift in risk governance is sustainable into the future; and

- continue to learn and adjust as required, based on learnings from the Plan implementation and causal analysis of events and issues, including that arise and/or are identified while the Program is in flight.

In 2021 the delivery of the Integrated Plan developed significant momentum. As at the Reporting Date, Westpac had delivered Closure Packs for approximately half of the Activities contained in the Integrated Plan. The design phase is mostly complete, with Promontory having assessed 70 percent of the Design Activities as complete and effective by the Reporting Date. The Program is supported by a communications strategy which features top and senior management sponsorship. The Program governance structures are well-established and supported by mature Program reporting.

Emerging Risk Issues

It is important that the Bank, and the CORE Program, have the capability to respond appropriately to emerging risk issues. Such issues are inevitable in a large organisation. They include external events, issues linked to compliance failures, Internal Audit assessments, findings from regulatory reviews or other review activities. The key to effective risk governance is identifying and understanding the root causes of such issues, ensuring that they are dealt with quickly and effectively, and ensuring that lessons are learned and reflected in Activities going forward. This includes ensuring that lessons are learned right across the LoB. For the purposes of CORE, consideration needs to be given to how this process links to the Program. For example:

- Is there a systematic process to determine whether CORE will effectively address risk issues as they emerge once it is fully implemented?

- Does CORE have to be modified in any area to take account of lessons from particular risk incidents or reviews?

There is scope for a more structured approach to this issue under the CORE Program, and Westpac has flagged that it is working on a framework to more effectively draw linkages between risk issues and the Program. Promontory will focus on this issue in early 2022 (see the discussion in Section 3.3.4 for the Plan to build these linkages in relation to Internal Audit findings). We also note that this process should be separate in the first instance to any assessment of accountability for issues, rather it goes to learning lessons in a way that strengthens and supports the Program.

Cost Pressures

As Westpac moves forward, priorities and strategies need to adjust to market conditions. Like all companies Westpac faces competitive pressures and market expectations, and it is evident that there is pressure from shareholders for Westpac to reduce costs and increase productivity. In this context it is critical that Westpac gives the highest priority to completing the substantial uplift of its risk governance and management. The Westpac Board and

Executive will need to ensure that the momentum is maintained on the uplift to risk governance under the Program.

The Balance between Speed and Quality

It will also continue to be important to balance the emphasis on meeting deadlines with achieving quality outcomes. It is tempting in any long-term program of change, like CORE, to focus on meeting deadlines and budgets and to expend less effort on assessing whether the desired outcomes are being achieved. As Promontory has commented in previous reports, it is critical that Westpac balances its emphasis on completing activities on time with ensuring that the activities are achieving the desired outcomes.

Focus on Execution

While the Program has also commenced a large amount of implementation work, much remains to be done. Substantial change programs can flounder due to a lack of attention to project execution, and one of the five identified root causes for Westpac's risk governance deficiencies was its Program execution capability. Westpac therefore faces the challenge of addressing this deficiency in executing a large and inter-connected Program of work in its Integrated Plan.

As noted in our Third Report, Promontory's experience with large change programs like CORE is that it is important to focus as early as possible on the more important and time-consuming changes, in order to allow time for them to be implemented, tested, revised and embedded. Promontory encourages Westpac to focus on those areas in which it expects the challenges of implementation to be greatest, including:

- the effective implementation of the 3LOD risk management model;

- consistent and effective implementation of the Value Chain risk and control identification and assessment;

- sustainably improving risk culture consistent with better customer outcomes;

- addressing data quality; and

- improving technological capability.

3. Governance and Management

3.1. Observations

During the Reporting Period we observed that the key governance forums, including the Board Risk Committee (**BRiskC**), the SteerCo and the Divisional Delivery Governance Forum (**DDGF**) continued to provide executive level sponsorship and oversight of the implementation of the Integrated Plan. The focus of each governance forum was in alignment with the purpose of each forum and continued to cover progress against timelines and the Program transition from design to implement and embed.

A key focus for the BRiskC this Reporting Period was the Six-Monthly Review. In relation to Program governance, an outcome from the Six-Monthly Review is a revision of the focus of the BRiskC Deep Dive sessions from the Workstreams responsible for the design, to the progress of implementation and embedding within the LoBs and Divisions. Similarly, Director Touchpoint sessions going forward will focus on Divisional implementation as the shift from design to implement phase proceeds.

Uplifting status reporting quality and capability continued to be a focus this Reporting Period, as multiple activities took place to address issues raised by Internal Audit. For example, the CORE Team and the GTO made changes to reduce inconsistencies in reporting. As Promontory has previously noted, it is critical for successful implementation that Program progress and risks are called out in a consistent and rigorous manner under the 'red, amber, green' (**RAG**) framework, with a focus on accurate assessments.

Line 2 continued to focus on providing challenge to project execution and Program governance, reviewing Packages through BAU activity and participation in CORE Forums, as well as providing feedback to the Risk Division in relation to the Six-Monthly Review. From Package 7 onwards, Line 2 and the Divisional CROs will be further embedded into the Package planning and approval process.

Internal Audit provided challenge through its participation in key governance forums and conduct of audits of risk management framework elements during the Reporting Period. The Group Audit Quarterly Report which provides an opinion on governance, risk management and controls and summarises the results of audit activity performed in the quarter was presented to both the BRiskC and the Board Legal, Regulatory and Compliance Committee (**BLRCC**).

New measures of success within the Remuneration and Consequence Management Frameworks were introduced to reinforce accountability during the Reporting Period. Promontory notes that improved accountability including through remuneration and consequence management is a critical component of improving Westpac's risk management.

3.2. Board and Director Oversight

As discussed in our prior reports, effective oversight by the Board is important for ensuring the Program delivers a sustainable uplift in risk governance. Board oversight and monitoring of the Program continued to occur through:

- the relevant Board Committees, including BRiskC Deep Dive sessions; and

- Director Touchpoint sessions.

3.2.1. Board Risk Committee

Promontory observed two BRiskC meetings with five agenda items related to the CORE Program during the Reporting Period. These included:

- The regular review of the CORE Program in October and December:

    ○ The key focus of the October session was on the completion of FY21 milestones, the progress on outcomes, and the transition towards implement and embed.

    ○ The key focus of the December session was on the completion of the Six-Monthly Review which involved reshaping aspects of the Program to place additional emphasis on embedment and sustainability and the approval of the refined Outcome Measures.

- A discussion on Promontory's Third Report.

- A session about Westpac's approach to Value Chains and Risk Management that provided the BRiskC with an update on Westpac's approach, as well as areas of focus FY22 and FY23.

- A Deep Dive related to Technology Risk Governance (WS15) that provided the opportunity for the BRiskC to discuss the approach being taken by the Workstream to improve Westpac's ability to adequately maintain technology to enable good customer outcomes.

As noted above, as an outcome from the Six-Monthly Review Westpac is revising the focus of the BRiskC Deep Dive sessions from the Workstreams responsible for the design to the progress of implementation and embedding within the LoBs and Divisions.

3.2.2. Director Touchpoints

As discussed in prior reports, Director Touchpoints are conducted to facilitate a greater understanding of progress of the Program at the Workstream level through individual Director engagement with specific Workstreams, Accountable Executives and staff. They are not designed as a substitute for formal Board Committee oversight.

There were twelve Director Touchpoint sessions during the Reporting Period.

As with the BRiskC Deep Dives, based on the outcomes of the Six-Monthly Review and as the CORE Program transitions into the implement and embed phase, Westpac is changing the structure of Director Touchpoint sessions to focus on Divisional implementation to reflect the shift away from the centralised design phase to the implement phase.

3.3. Program Governance Arrangements

3.3.1. Management Forums and the core team

Promontory observed several management-level governance forums during the Reporting Period, including the SteerCo, the DDGF, the CORE Governance Forum, the Workstream Governance Forum and the Detailed Design Forum (**DDF**).

Promontory observed that the key forums operated in alignment with the purpose of each forum and that these forums received timely reporting on implementation progress through the Reporting Period. Reporting with respect to the Program is discussed further in Section 3.3.2.

During this Reporting Period, the SteerCo received reports on the Six-Monthly Review, Technology Risk Reporting Workstream, and how deficiencies and critical risk priorities were being managed. In addition, the SteerCo approved the revised Program Outcome Measures which focus on good customer outcomes, approved the closure of Package 4 and Package 6 Go/No Go (see Section 4.4.1) and approved changes to the Integrated Plan. The SteerCo discussed and noted Promontory's Third Report, which highlighted challenges that may be experienced going forward as the Program moves from implement to embed. The SteerCo was also involved with assessing progress in achieving the Target Outcomes, development of the CORE Narrative and priorities for 2022.

During the Reporting Period, discussion across most management governance forums continued to cover:

- Program transition from design, to implement and embed, and the corresponding movement of responsibilities for Program execution to Divisions;

- progress against timelines; and

- key issues and potential risks faced at the Program, Workstream and Divisional levels.

The CORE Team continued to manage and oversee the implementation of the CORE Program and act as a conduit across the various governance forums and Divisions. There were no reported changes to the CORE Team structure and roles during the Reporting Period.

3.3.2. Program reporting

Promontory continued to observe timely reporting to governance forums on the status of the Program, including implementation progress, key risks, issues and challenges, dependency management and, where appropriate, resourcing and financial performance.

In the previous reporting period, Internal Audit raised an issue that Workstreams were not recording, tracking, and managing assumptions consistently. To address this, the GTO updated the 'CORE Minimum Standards' to include an Assumptions Register requirement and provided guidance to Workstreams about tracking and managing assumptions in accordance with the Group's delivery framework. This guidance was supplemented by updated written guidance 'CORE Minimum Governance Standards Guide' that was released during this Reporting Period.

Uplifting status reporting quality and capability continued to be a focus in this Reporting Period, particularly to address an issue raised by Internal Audit in the previous reporting period about consistency in Program health status reporting. A range of activities have taken place including guidance sessions for status reporting, updates made to reporting guides and check and challenges on draft Workstream status reports prior to their submission.

3.3.3. Line 2 Oversight

As noted in our previous report, at the Program level, the Chief Risk Officer (**CRO**), Group Functions and Services Risk Team provides Line 2 oversight of the CORE Program and is also responsible for Line 2 oversight of the Westpac Group Functions. At the Workstream level, the risk oversight Workstream leads review and challenge the Workstreams on their execution. Divisional CROs provide ongoing Divisional implementation and embedment oversight for their Divisions. A risk-based approach is applied to Line 2 oversight.

As it relates to the Integrated Plan, Line 2 engagement for this Reporting Period has focused on the following areas:

- Engaging with CORE, Workstream and Divisional Line 2 teams on Package 6 (see Section 4.4.1), challenging the readiness of Activities and providing feedback to Workstreams.

- Ensuring Line 2 oversight is clear and consistent in the Workstream Design Activities and in the Workstream 3LOD target state model.

- Contributing to the preparation of the Six-Monthly Review by providing feedback from the Risk Division.

- Augmenting the Line 2 oversight as Westpac transitions from the Design phase to the Implement and Embed phases of Activities, including increasing the voice of the Divisional CROs.

During this Reporting Period Line 2 identified the following issues with the Program:

- Package 6 attestation occurred earlier due to end of year shutdown period. This meant that some Workstreams completed design post-attestation but ahead of the Package start date.

- Roles and responsibilities for Line 2 need to be sufficiently defined and agreed leading into the implementation phase of Workstreams.

- BAU controls had not been fully established in some of the Workstreams. For example, Risk Control Matrices had not been signed off despite progressing across a number of Workstreams.

Going forward, Line 2 will oversee control enhancements ahead of Package releases to ensure that there is alignment between BAU controls and control owners. This includes explicit completion of artefacts such as the Risk Control Matrices. This will assist Workstreams in their preparations for commencing Packages and in more proactively sequencing Line 2 BAU oversight of the Activities.

3.3.4. Internal Audit Review

Westpac's Internal Audit function is responsible for internal assurance over the Program. Internal Audit provides review and challenge as a participant in key governance forums and conducts independent audits of risk management framework elements as part of the regular audit program approved by the Board Audit Committee (**BAC**).

During the Reporting Period, Internal Audit presented its Group Audit Quarterly Report to both the BRiskC and the BLRCC. This report provides Internal Audit's opinion on governance, risk management and control, and the results of audit activity relevant to the BLRCC for the quarter. A key theme which relates directly to the CORE Program was the execution of remediation Activities, which Group Audit flagged as effective, including oversight of the CORE Program. Internal Audit also highlighted the likelihood of High-Rated Issues relating to the Value Chain risk management continuing to emerge, to which the CORE Program responded by agreeing to assess whether outcomes relating to VCRM activities are clearly represented in the Program reporting.

Westpac is working on a framework to draw linkages more consistently and effectively between Internal Audit's findings and the Activities and outcomes of the CORE Program. In the Six-Monthly Review, Internal Audit and the CORE Program have agreed that key findings in audits that cover the scope of the CORE Program will be highlighted to the CORE Program by Internal Audit. We will continue to monitor the areas relevant to the CORE Program and Westpac's approach to drawing these linkages in the subsequent reporting periods.

During the Reporting Period, Promontory met with Internal Audit on three occasions as part of monthly discussions about Westpac's internal CORE Program assurance activities, Internal Audit reviews relevant to the Program, and to share and exchange views on Program

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governance. These meetings were used as an opportunity to highlight key developments throughout the Program.

Internal Audit delivered 13 further reports during this Reporting Period which were relevant to the CORE Program, covering aspects specific to eight Workstreams. These reviews continue to provide important reflections on the design and implementation of the Program's Activities across Westpac.

3.4. Accountability and Remuneration

As part of its review of the annual remuneration adjustment process, Westpac introduced additional reporting within the Remuneration and Consequence Management Frameworks that was designed to highlight areas of accountability and ensure consistency in remuneration adjustments for risk and conduct matters. As part of the framework, risk gates, remuneration adjustment guidelines and scorecard modifiers have been implemented and are reviewed annually by the relevant governance forum, including the Divisional Remuneration Oversight Committee (**DROC**), Group Remuneration Oversight Committee (**ROC**) and the Board Remuneration Committee (**BRC**). Westpac sought to align its remuneration policies, where relevant to Westpac, with industry best practices. Changes to the policies were approved, as required, by the BRC.

During the Reporting Period, the annual remuneration review was completed, including determination of the Short-Term Variable Remuneration (**STVR**) and other remuneration adjustments for the CEO, GEs and GMs. Promontory was provided with an end-to-end walkthrough of the revised process. In addition, we conducted an interview with the Chair of the BRC to gain a better understanding of the Board's and BRC's oversight and application of the guidelines as they relate to risk matters and determination of remuneration outcomes for the CEO and GEs. This interview provided insights into enhancements made to the process that ensure the Board and BRC receive the necessary information required for effective oversight on risk matters in order to assess accountability and determine remuneration consequences.

Promontory noted the following characteristics of the governance framework for the approval and oversight of remuneration decisions.

Table 3.1: Accountability and Remuneration

Governance Bodies	Accountability and Remuneration Oversight and Decisions
Board	Accountable for assessing and approving remuneration for specific groups of employees (CEO, GEs, Accountable Persons and other APRA-governed individuals). The Board may defer, alter, or withdraw aggregate and individual variable rewards at its discretion. The yearly Group Variable Reward Pool is also approved by the Board.

Governance Bodies	Accountability and Remuneration Oversight and Decisions
BRC	Responsible for overseeing remuneration policies and practices. This includes review of the Remuneration Policy, remuneration arrangements and structures, variable reward schemes, and individual remuneration for certain groups of workers (CEO, GEs, Accountable Persons and other APRA-governed individuals) and makes recommendations to the Board. The BRC also enquires about and considers remuneration-related issues raised by other Board Committees, with input from Board/management committees.
ROC	Reports to the BRC and the Board on the consistency of remuneration across the group. The Committee also recommends remuneration results for APRA-governed individuals below the GE level to the CEO (for recommendation to the BRC). The Committee also approves variable remuneration adjustments for material matters (Relevant Matters) for non-APRA-governed employees below GM level if the adjustments proposed are outside the guidelines.
DROC	The Divisional Committees consider the areas of risk and potential implications for remuneration. The ROC will receive a report on these matters from each Divisional committee. For employees below the level of GM, the Divisional Committees approve remuneration outcomes (including all adjustments for Other Matters and adjustments within guidelines for Relevant Matters) for non-APRA-governed roles; and recommend remuneration adjustments for APRA-governed roles and remuneration adjustments for Relevant Matters outside guidelines for other employees to the ROC.

Since commencement of the Program, Westpac has implemented the following additional measures as part of its annual remuneration review to further improve governance and assist with the Board's oversight of accountabilities of the CEO and GEs:

- Having regard to principles and guidelines, where employees are identified as accountable or responsible for material risks and compliance matters impacting the Group, downward remuneration adjustments are approved by the relevant governance forum as outlined in Table 3.1 above.

- A quarterly "look back" process to consider whether any matters which may have arisen or are under investigation justify the delay of any equity vesting that is due.

- A referral process between Board Committees by way of a standing agenda item for matters to be considered by other Committees.

- Increase in oversight through two BRC meetings in October; to review the outcomes and adjustments of the CEO, GEs and other Accountable Persons, and make recommendations to the Board.

- Independent risk and compliance assessment overviews on the CEO and GEs by the CRO and GE Financial Crime, Compliance & Conduct (**FCC&C**) are provided to the BRC.

Based on the interviews conducted and the information received, we consider that through meetings of various Board Committees and improvements to the annual remuneration process, there has been Board monitoring and challenge of remuneration structures to drive an improved risk culture.

This was the first occasion Promontory observed the annual remuneration cycle under the enhanced frameworks that were implemented in FY20. The measures outlined above were first implemented in the FY20 remuneration review and repeated during the FY21 remuneration review. Over the next reporting period, we will observe how feedback is obtained from relevant stakeholders and the incorporation of relevant feedback into the frameworks and processes prior to the next annual cycle.

4. Program Delivery

4.1. Observations

During the Reporting Period, Westpac found efficiencies in the delivery of the Program and this was reflected in the downward revision of the FY22 Program budget. However, the estimated cash spend for implementation of the Integrated Plan FY22 still represents a significant increase on FY21, reflecting increased effort in implementation across the Group. As noted above, given the cost reductions underway in Westpac, careful consideration of resourcing for CORE will be critical going forward to ensure momentum is maintained.

There was an improvement in filling roles to support the implementation of the Integrated Plan across Workstreams and Divisions, including by recruiting permanent staff to replace contractors who had been retained to support or deliver Design Activity. Promontory will continue to monitor Westpac's use of external resources and how this will impact the quality of their work in the workstreams and activities, and how this will be sustained in the future.

Communications continued to play an important role, with the aim of supporting the risk culture and behavioural change aspects of the CORE Program, while shifting the focus from the design to implement phase. Westpac's senior executive leadership continued to deliver consistent communications to maintain the strategy of setting a clear 'tone from the top'.

The Packages mechanism continued to be a key mechanism for change delivery. Promontory notes that it is important that this is used effectively to help the sequencing of Activities and to facilitate the resolution of issues. Westpac also continued to monitor and manage dependencies, and no new dependencies were identified during this Reporting Period.

Program Outcome Measures have been revised as part of the Six-Monthly Review. Having introduced a series of changes through this review, it is desirable now to have some stability in the Program Outcome Measures to facilitate consistent ongoing reporting and Program management.

Sustainable change to risk governance and risk management requires effective embedment of sound practices across all areas of the Bank. During the Reporting Period, Westpac made progress in the design of a framework outlining its sustainability principles that will be applied across all Deliverables of the Program. Promontory will assess the efficacy of these principles as further information is provided by Westpac on how the principles will be applied to each Deliverable.

4.2. Funding and Resourcing

4.2.1. Funding

Throughout the Reporting Period, reporting on the financials of the Program continued to be provided at the various governance forum meetings. It was noted in our Third Report that the actual cash spend for FY21 was lower than the initial estimates provided by the Workstreams. Nevertheless, Activities continue to be completed in a timely manner.

As noted above, during the Reporting Period, Westpac continued to find efficiencies in delivery of the Program and this has been reflected in the downward revision of the Workstream initial estimates for the FY22 budget. The estimated cash spend for implementation of the Integrated Plan FY22 still represents a significant increase on FY21, reflecting increased effort in the implementation of the Integrated Plan across the Group.

Westpac noted that it did not have any material concerns that the budget allocated to the Workstreams would impact delivery or resourcing for the CORE Program, although it has acknowledged the potential risks that cost reduction could have on delivery of CORE activities. In response to this, financial impacts are being reviewed by Workstream accountable GMs, with oversight being provided by the Portfolio Leads, CORE Sponsor and Finance. Finalisation of this review is expected by the end of February 2022. Further, Westpac's QBR process also allows for risks and opportunities to be raised and mitigated on a regular basis. The financial impacts review and QBR process provide Westpac with a view of whether anticipated cost reduction measures will impact critical resources needed for Workstreams.

Westpac noted that being closer to delivery of the FY22 Activities, it considered that it was in a better position to estimate more accurately the necessary cash spend. Some factors that contributed to the reduction in the FY22 budget included:

- initial overestimation of spend in August 2021;

- renegotiation of external spend which delivered cost-savings;

- optimisation of spend across CORE and BAU that delivered cost savings; and

- changes in the activity volume in some areas.

In relation to the last point, during the October SteerCo meeting, it was noted that a decision had been made to reduce the frequency of a number of training programs, decommissioning of others, and deferring the micro-credentials program. These cost savings contributed to the reduction in the FY22 budget. The rationale for the change to training was that the volume of training was challenging to manage and absorb, especially when considering other Activities.

4.2.2. Workstream specific resourcing

At the beginning of the Reporting Period, four Workstreams (WS 7, 8, 9 and 19) were reporting an Amber RAG status for resourcing, primarily due to vacancies in key roles for those Workstreams. The other 15 Workstreams were reporting a Green RAG status for resourcing. As at November 2021, all 19 CORE Workstreams were reporting a Green RAG status for resourcing. The four Workstreams previously reporting Amber have now filled key open roles or leveraged support from BAU teams and external resources.

The CORE Program has been reducing its use of external consultants as it moves away from the design phase towards the implement and embed phases. As noted above, resource impacts are being reviewed by the Workstream accountable GMs, with oversight being provided by the Portfolio Leads and CORE PMO.

4.2.3. Division specific resourcing

GMs BCM are responsible for engaging with their respective Divisions to understand and outline associated resourcing requirements and identify any resourcing constraints. In the November 2021 Divisional Status Update, two Divisions (Legal & Secretariat, and Risk) changed their resourcing RAG status from Green to Amber. In the Legal & Secretariat Division, this was due to a gap in delivery resourcing; in the Risk Division it was due to ongoing allocation of tasks to the BCM teams, as well as lack of clarity on the scope for the Divisional CROs.

4.3. Communications

Communications continued to play an important role, with the aim of supporting the risk culture and behavioural change aspects of the CORE Program. There was a focus during the Reporting Period on highlighting risk practices as part of BAU work through reinforcing role clarity and personal accountability for risk, as well as providing clear messaging on how good risk outcomes lead to good customer outcomes. Westpac's senior executive leadership continued to deliver consistent communications to maintain a clear 'tone from the top'.

Table 4.1: Leadership and risk practice as BAU communications in the Reporting Period

Date	Topic	Audience
October 2021	"Good Risk Outcomes = Good Customer Outcomes" campaign	Group-wide
	"Risk Goals & My Risk Accountabilities" communications to support roll out	Group-wide
	Environmental, Social and Governance employee event	Group-wide
	Backstory podcast with Chris de Bruin (Chief Executive, Consumer & Business Banking) and Rebecca Lim (General Counsel until November 2021)	Group-wide
November 2021	Full year results and senior leader briefing	Senior leaders
	Backstory podcast with Christine Parker (GE, Human Resources)	Group-wide
	Three Lines of Defence video	Group-wide
	Employee listening panel	Open to community members
	CORE Program Six-Monthly Review	Senior leaders involved in CORE
December 2021	Package 6 launch	Senior leaders involved in CORE
	Navigate Forum Finance – GE led lessons learned sessions	Open to senior leaders
	CEO Awards for Risk champion	Group-wide
	Annual General Meeting for Westpac Group	Public
	Backstory podcast with Michael Rowland (Chief Financial Officer)	Group-wide

With the Program advancing further into the implementation and embed phases in the Reporting Period, the communications strategy shifted to reinforcing that strong risk governance is foundational to running a simpler, stronger bank and for sustainable changes to risk practices and management. With this change in focus, Westpac recognises the importance of cascading the 'tone from the top' into middle management and has commenced adjusting its communications as the Program further permeates into Westpac's Divisions. Strategies utilised during this Reporting Period to facilitate this move and to reinforce role clarity and personal accountability for risk included:

- Employee listening panel – Westpac's employee listening panel utilised a test-and-learn strategy through testing key communications initiatives with employees through panels and surveys. Based on the contributions of Westpac staff at these forums, some of the communication initiatives were adjusted. For example, during this Reporting Period the

employee listening panel delivered insights that led to refined communications about delivering on Westpac's 'simplify' strategy and good customer outcomes.

- <u>Three Lines of Defence video</u> – The Group-wide Three Lines of Defence video provides a simple and clear explanation about roles across the three lines of defence that was shared at a senior leadership group briefing and at the beginning of the CEO All-employee check-in call in November. This is also made available to all Westpac employees on-demand through the staff intranet site.

- <u>Backstory podcast</u> – The podcast used storytelling strategies linking good risk outcomes with good customer outcomes. For example, stories about good customer outcomes across different teams feature in Westpac's 'Three Stories every Thursday' series (a weekly communications to Westpac's GMs) and a huddle guide that can be used by managers to guide team discussions.

- <u>"Risk Goals & My Risk Accountabilities"</u> – Group-wide communications about the roll-out and inclusion of Risk Goals and Risk Accountabilities supported leader led discussions during the FY22 performance cycle.

- <u>Navigate Forum Finance</u> – Westpac conducted a lessons learned 'Navigate' event hosted by Westpac's Institutional Banking division about the importance in understanding the end-to-end Value Chain in identifying risks and establishing an appropriate risk control environment. This event used the Division's experience of Forum Finance as a case study.

Risk culture outcomes and employee sentiment metrics are tracked as part of Westpac's communications strategy given its role in supporting the risk culture and behavioural change aspects of the CORE Program. Over the Reporting Period:

- Risk culture outcomes continued to be measured through the quarterly employee survey. The results of the most recent survey demonstrate increased adoption of the use of the 'Should We?' test to guide decision-making. Westpac has linked the improvement to the communications activity supporting the roll-out of the revised Code of Conduct.

- Employee sentiment is tracked by three metrics that are measured following CEO-events. Westpac's communications strategy includes responding to the shift in sentiment through a focus on customer outcomes and simplification proof points.

In relation to risk culture, Promontory notes that APRA announced a survey of risk culture across financial institutions, starting with the banking sector, during the last quarter of 2021.

4.4. Dependencies and Scheduling

4.4.1. Packages

As discussed in our previous reports, Westpac's change delivery mechanism, involving tailored communications and change plan, known as Packages, continued to supplement the Program-level communications.

Following Package 5 which was launched on 29 September 2021 (effective 1 October 2021 to 31 December 2021), Package 6 was launched on 7 December 2021 (effective 1 January 2022 to 31 March 2022). Package 6 consisted of 31 Activities, of which 9 were new and 22 were ongoing Activities. The message anchor changed from "strengthening risk disciplines with a focus on obligations, issues and incidents" in Package 5 to "lifting our risk disciplines through improved risk management, infrastructure, and reporting" in Package 6. The overview of Package 6 also noted an increased focus on Implement and Embed Activities, and less on Design Activities.

Package 6 is intended to drive outcomes through four themes:

- Managing the business effectively through aligned Value Chains and risk profiles supported by strong risk, data, and technology infrastructure.

- Continuing to provide alignment between business and risk strategy and strategic priorities through coordinated planning and delivery.

- Ensuring the 3LOD model is effective, through clear organisational structure, accountabilities, and Capabilities.

- Continuing to reinforce a strong and proactive risk culture and behaviours, supported by leaders and consequence management.

Discussion around the Packages continue to be carried out in various governance forums such as the DDGF and the DDF. The impact of Packages on Divisions was discussed, including key pressure points in Divisions for each Package and how this may assist in better sequencing Activities for the CORE Program.

As discussed in Section 3.3.3, Westpac noted that some of the Workstream design elements were not completed before the Package attestation dates. It was also noted at the Six-Monthly Review that changes were often made when Packages were already in flight, with varying quality of information. To help address these issues, Westpac has indicated that CORE Deliverables will be prioritised as part of the Divisional QBR process to ensure that the Program Deliverables are prioritised and receive sufficient resource allocation for successful execution.

4.4.2. Program Dependencies3 and Interdependencies4

Westpac continued to capture details on program dependencies and interdependencies. No new program dependencies were identified, and all program dependencies due during the Reporting Period were either closed or confirmed by their due dates. With respect to interdependencies, 67 were due during the Reporting Period, all of which were recorded as either closed (delivered) or confirmed as on track for delivery by their respective due dates.

For closure of program dependencies and interdependencies, receiving workstreams are responsible for confirming that dependency requirements have been satisfied and these confirmations are then stored as evidence for closure.

Westpac continued to manage program dependencies and interdependencies through various governance forums such as the CORE Governance Forums as well as the Workstream GM Governance Forums. It was reported in the October SteerCo that there has been further maturing in the management of interdependencies, in particular regarding the cadence of review and workstream engagement and confirmation. Promontory will continue to monitor the effectiveness of the management of program dependencies and interdependencies.

4.4.3. Scheduling

During the previous reporting period, Westpac completed documentation of the Workstream level schedules. Each Workstream has an individual schedule that has been developed with support from the Program and is amalgamated into the Program Master schedule to provide an opportunity for Westpac to gauge performance (e.g., view of tasks not completed on time) and take a forward-looking view (e.g., impacts on critical paths and interdependencies).

This focus has resulted in further capability uplift and maturing of schedules resulting in improved quality of Workstream schedule data and delivery forecasting and a reduction in tasks falling overdue. Tasks slipping against baseline forecasts are now able to be identified early as part of the workstream update cycle driven by the CORE Master Scheduler. Further, the identification of interdependency impacts on workstream schedules is considered through the validation of the Master Schedule against the Interdependency Register each month.

Promontory considers that the scheduling approach has assisted in the identification of impacts on scheduling, improved Westpac's ability to meet task level timeframes, and the early identification of potential blockages. The identification of overdue tasks has driven a positive uplift in Workstream schedule quality and therefore schedule forecast accuracy.

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[3] Program Dependencies refer to linkages between Workstreams and other programs of work outside the Integrated Plan that are underway within Westpac.

[4] Interdependencies refer to linkages across Workstreams within the Integrated Plan.

Westpac acknowledged that the approach to scheduling will continue to be refined. This includes refining aspects of reporting as well as reviewing the operational rhythm of managing the Master Schedule (e.g., reflecting Workstream schedule updates in the Master Schedule).

4.4.4. Deficiencies

Our First Report noted that Westpac had adopted a structured approach to determining the contents of the Integrated Plan. This started with a consideration of the key root causes of its risk governance deficiencies and the compilation of deficiencies to be addressed through the implementation of the Integrated Plan. Our Second Report noted that Westpac had enhanced its approach to the monitoring and reporting of deficiencies, including:

- more granular mapping of deficiencies to Deliverables; and

- tracking of deficiencies within CORE governance mechanisms.

Overall, the approach taken to track the progress of addressing deficiencies follows the below key steps:

- Deficiencies are mapped to actions, initiatives or programs which have been identified as addressing those deficiencies and are captured by the CORE Team in the deficiencies register.

- Progress is then measured through tracking these actions, initiatives or programs against a set of measures. Such measures include RAG indicators, closure status, due dates, measures used in Westpac's Project Execution Framework and Delivery Excellence Guidance.

- A reporting dashboard reflecting the data above is then shared with the SteerCo and BRiskC on a quarterly basis. Each GE has full visibility of the list of deficiencies being addressed by deliverables or initiatives for which they are accountable.

Our Third Report noted that the SteerCo and BRiskC meetings began receiving enhanced reporting through the deficiencies dashboard. A total of 222 deficiencies were identified as part of the review process. Corresponding actions to address the deficiencies were identified and progress is tracked through corresponding Deliverables and Initiatives.

The deficiencies identified have been categorised into three separate categories: duplicative; actions complete; and in progress. During the Reporting Period, 47 of the 222 deficiencies were reported as having actions completed and 169 were in progress, leaving six as duplicative deficiencies. Promontory will continue to monitor how deficiencies are tracking and assess the closure of deficiencies through the upcoming embed Closure Pack assessments. Promontory considers that this is an important mechanism for helping to ensure Westpac remains focused on the desired outcome of the Integrated Plan, which is to address the root causes of its risk management and governance deficiencies.

4.5. Change Management

4.5.1. Change Control

During the Reporting Period Westpac continued to manage changes within the CORE Program through the Program Change Control Management Framework, as outlined in our Third Report. This Framework includes managing proposed changes through a change control process and recording changes in the change control register. The change control register tracks change requests and includes details including the rationale, impact, records of approvals and status of the request.

Change requests in this Reporting Period were largely developed in response to the Six-Monthly Review. It is noted that requests stemming from the Six-Monthly Review followed the same change request process as defined in the Program Change Control Management Framework.

In the Reporting Period:

- 38 new change requests were logged in the change control register. These change requests included, extension of Deliverable due dates, creation of new Activities, updating Workstream GM accountability to align with organisational changes, and other changes to improve delivery effectiveness.

- 57 change requests were closed with the status of either approved or cancelled, with approved changes impacting 16 of the total 19 Workstreams.

- Of the 44 change requests approved, 5 were recorded with Minor Change impact, 23 with Moderate Change Impact, and 16 with Major Change Impact.

4.6. Sustainability

As discussed in our Third Report, sustainable change to risk governance and risk management requires effective embedment of sound practices across all areas of the Bank. This is to ensure that once a Deliverable Target State has been achieved and assessed as complete and effective, Westpac has the appropriate practices and mechanisms in place for the ongoing maintenance of the relevant Target State. During the Reporting Period Westpac made progress in the design of a framework outlining a set of sustainability principles that will be applied across all Deliverables of the Program. Promontory will assess the efficacy of these principles as further information is provided by Westpac on how the principles will be applied for each Deliverable.

4.6.1. Outcome measures

As discussed in our previous Reports, Program Outcome Measures and Target Outcomes have been designed by Westpac to ensure greater focus on, and provide signposts of, the desired transformation in the Bank.

The Program Outcome Measures (as at September 2021) were reported at the October SteerCo and BRiskC Meetings. The data reported showed a general improvement across most Outcome Measures.

Examples of December 2021 Target Outcomes achieved by the Reporting Date include:

- Product simplification through a reduction of more than 150 products.

- Clarity on roles and responsibilities through the establishment of the LoB model and formal recording of accountabilities in SoAs.

- Improvement in risk management disciplines including, for example, the implementation of Value Chains, establishment of the new risk taxonomy, uplift to control self-assessment and improvement in issue management disciplines.

- Transformation capability uplift with the establishment of the GTO, implementation of the QBR process and integration of risk considerations into investment prioritisation.

- The Risk Appetite Statement (**RAS**) has been reviewed by the BRiskC and the Board for appropriate changes in providing a clear and consistent understanding as to what is acceptable in a way that assists in decision-making.

Westpac's Six-Monthly Review of the CORE Program saw the introduction of a simplified approach to success measurement. As a result, the outcome tracking system will transition from a combination of 14 Program Outcome Measures and narrative-based Target Outcomes to an expanded set of 50 Program Outcome Measures. These 50 Program Outcome Measures are BAU measures that will persist beyond the life of the Program. Target Outcomes have been retired after the 2021 reporting and replaced by the broader set of Program Outcome Measures. These measures sit across four categories:

- Our operating environment is working as we expect.

- We manage risk within an acceptable level.

- Our aspirations are aligned with our capacity to reliably deliver.

- Right people with the right capabilities.

The Program Outcome Measures have evolved to include additional customer-oriented measures through incorporation of metrics including Net Promoter Score and complaints and

remediation trackers. The use of the expanded Program Outcome Measures is due to commence in the first quarter of 2022 with an initial report to be tabled in February 2022.

The approach also includes re-naming the Deliverable Outcome Measures as Program Deliverable Metrics. These metrics are used to measure performance against the Target State for individual Deliverables within the Integrated Plan. Westpac previously completed a review and updated these measures, as discussed in our Second Report.

The inaugural summary of findings of the quarterly assessment of the Program Deliverable Metrics (as at September 2021) was reported at the November SteerCo Meeting. The data showed an overall trend of most metrics being on track, with no metrics flagged as requiring escalation. However, this is the first reporting period for these metrics and so historical comparisons are limited.

Promontory will closely monitor the quality and reporting of the new Program Outcome Measures and Program Deliverable Metrics, and whether these measures and metrics demonstrate that Westpac is progressing towards its defined outcomes.

5. Workstream Assessment and Progress

5.1. Introduction

During the Reporting Period, Promontory completed its assessment of 26 Activities (18 Design Activities and 8 Implement Activities), all of which were assessed as complete and effective. A further 39 Activities remained under assessment as at the Reporting Date.

As described in Section 1.3, Promontory takes a structured approach to assessing Activities. In assessing whether an Activity is complete, we look for evidence that the specific tasks described in the Activity have been carried out. We also look for evidence that the completed Activity has contributed to achieving the Target State of the relevant Deliverable.

Table 5.1 provides a list of the Activities that were assessed as complete and effective during the Reporting Period, and the balance of Chapter 5 provides summaries that include details of our assessment of these Activities.

Table 5.1: Overview of Activities assessed as complete and effective by Promontory during the Reporting Period

#[5]	Theme	Workstream	Activity	Phase	Activity Sign-Off Date
1	Board Governance	WS1	1.5.1	Design	25-Nov-21
2			1.6.1	Design	30-Nov-21
3			1.6.2	Implement	30-Nov-21
4			1.7.2	Implement	26-Nov-21
5	Culture and Capability	WS2	2.4.1	Design	19-Oct-21
6		WS3	3.2.1	Design	20-Oct-21
7		WS4	4.2.5	Implement	27-Oct-21
8			4.3.1	Design	16-Dec-21
9		WS6	6.1.3	Implement	10-Dec-21
10			6.6.2	Design	8-Oct-21
11			6.7.1	Design	22-Oct-21
12		WS7	7.2.1	Design	16-Nov-21
13			7.3.1	Design	10-Nov-21

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[5] The numbers in this column have been assigned to each Closure Pack by Promontory for tracking purposes.

#[5]	Theme	Workstream	Activity	Phase	Activity Sign-Off Date
14	Transformation Capability & Delivery		7.4.1	Design	3-Dec-21
15			7.5.3	Implement	10-Nov-21
16	Risk & Compliance Management	WS8	8.1.3	Design	2-Dec-21
17			8.1.4	Design	2-Dec-21
18			8.3.3	Implement	5-Nov-21
19			8.5.1	Design	7-Dec-21
20			8.6.1	Design	17-Dec-21
21		WS10	10.4.7	Implement	17-Dec-21
22		WS12	12.1.1	Design	30-Dec-21
23			12.2.1	Design	26-Nov-21
24	Conduct	WS13	13.4.1	Design	21-Dec-21
25	Complaints	WS14	14.4.2	Implement	10-Dec-21
26	Technology & Data risk	WS16	16.3.1	Design	10-Dec-21

5.2. Board Governance Theme Deliverables

5.2.1. Theme Progress

During the Reporting Period Promontory assessed four Board Governance Theme Activities as complete and effective. Taking into account Activities assessed as complete and effective in previous Reporting Periods, as at the Reporting Date, a total of nine of the 30 Board Governance Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for four Board Governance Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing four of the 30 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on 17 of the 30 Activities for this Theme.

5.2.2. Workstream 1 – Board Risk Governance (WS1)

WS1 relates to Board risk governance. The objective of WS1 as set out in the Integrated Plan is that:

The Board and Board Committees operate effectively, set clear direction for Westpac's risk appetite and culture, and provide appropriate oversight of risk management, having regard to the foundations for good governance as outlined in CPS510.

This Workstream has nine Deliverables consisting of 30 Activities. As at the Reporting Date, Westpac had assessed the health of this Workstream as Green.

Figure 5.1: WS1 Activity Status

- ■ Westpac: Not commenced
- ■ Westpac: In Progress
- ■ Westpac: Completed, not yet submitted to Promontory
- ■ Promontory: Assessment underway
- ■ Promontory : Assessed as complete and effective
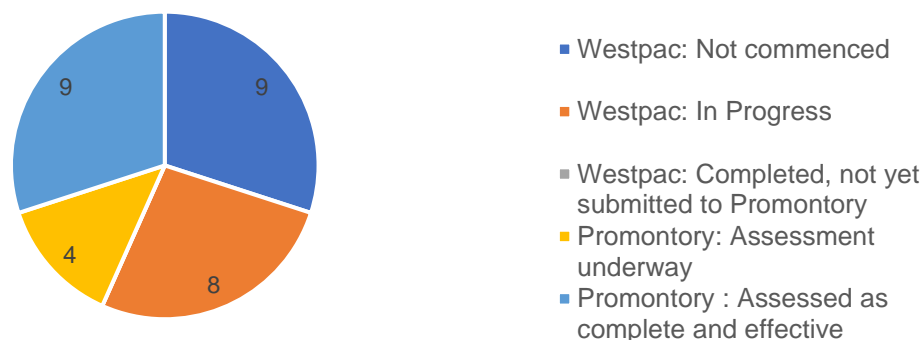
Table 5.2: WS1 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
1.1	Board direction on strategy and enterprise investment prioritisation	0	3
1.2	Board risk reporting	1	3
1.3	Board direction on Risk Appetite	1	3
1.4	Board direction on risk culture	1	4
1.5	Board direction on risk training	1	3
1.6	Board direction on consequences	2	5
1.7	Oversight of Advisory Panel Observations	2	3
1.8	Review of BRiskC and BLRCC implementation	0	3
1.9	Review capacity and capability in the Three Lines of Defence (**3LOD**)	1	3
	Total	9	30

Assessment of Deliverable 1.5

Deliverable 1.5 requires the BRiskC, BLRCC or Board to provide continued oversight over Westpac's Risk Fundamentals training.

Activity 1.5.1

Design Activity 1.5.1 requires the BRiskC, BLRCC or Board, as appropriate, to review the materials for the Group-wide Risk Fundamentals training and provide oversight of the roll-out.

The Chairs of the BRiskC and the BLRCC were given a Deep Dive of the virtual workshops elements of the Risk Fundamentals Training Program (**RFP**). The Board also conducted test and challenge of the RFP.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews, including with the Chair of the BRiskC, to gain a better understanding of the Board's oversight, test and challenge of the design and proposed effectiveness of the RFP.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that the Board raised appropriate queries and conducted constructive test and challenge of the RFP.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 6.6, we will consider further evidence in relation to communication of the RFP.

Assessment of Deliverable 1.6

Deliverable 1.6 requires the BRiskC, BRC or Board to provide continued oversight over consequences for poor issues management and risks remaining out of appetite.

Activity 1.6.1

Design Activity 1.6.1 requires the BRC to review and approve the approach for variable compensation at the executive level.

Westpac designed an approach for variable compensation at the executive level that involves the following:

- establishing a 'look back' process at Board committee level prior to equity vesting for executives;

- refining its approach and the documents to support the CEO's performance review;

- incorporating standing agenda items to refer matters between Board committees; and

- formalising an annual October remuneration workshop into a BRC meeting.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding the details of the approach to the above four matters, and the BRC's review and approval of the approach to these matters.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps for the BRC to review and approve variable compensation at the executive level.

Activity 1.6.2

Implement Activity 1.6.2 requires the BRC to review and approve variable compensation at executive level as per revised processes established in Activity 1.6.1.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding details of the processes and information requested by the BRC to approve the revised processes in Activity 1.6.1.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that the BRC had review and approve variable compensation at executive level as per revised processes.

Promontory noted the interdependency with Activity 5.1.1 and that, as part of our assessment of subsequent Activities within Deliverable 1.6, we will consider whether there is evidence that the BRC has continuing oversight of consequences for poor issues management and risk remaining outside of appetite, and variable compensation at executive level.

Assessment of Deliverable 1.7

Deliverable 1.7 requires the BRiskC or BLRCC, and accountable executives to oversee the implementation of the Advisory Panel's Recommendations (**APRs**).

Activity 1.7.2

Implement Activity 1.7.2 requires the BRiskC or BLRCC, and the GE FCC&C and GE Human Resources (**HR**) to oversee management's delivery of the APRs.

Westpac evidenced oversight by way of BRiskC and BLRCC materials and minutes that include discussion of management's delivery of the APRs.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding certain APRs, primarily to aid our understanding of Westpac's engagement model with the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), Westpac's Board Education and Immersion Program, and simplified Board reporting.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to oversee the implementation of the APRs.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 1.7, we will consider and review additional evidence being prepared by Westpac including relevant material arising out of engagement with AUSTRAC.

5.3.   Culture and Capability Theme Deliverables

5.3.1. Theme Progress

During the Reporting Period Promontory assessed seven Culture and Capability Theme Activities as complete and effective. Taking into account Activities assessed as complete and effective in previous Reporting Periods, as at the Reporting Date, a total of 49 of the 113 Culture and Capability Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for 15 Culture and Capability Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing 14 of the 113 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on 50 of the 113 Activities for this Theme.

5.3.2. Workstream 2 – Executive Culture and Capability (WS2)

WS2 relates to executive culture and capability. The objective of WS2 as set out in the Integrated Plan is that:

Westpac has a strong culture where Executives set the 'tone from the top' by role-modelling values and consistent behaviours and practices demonstrating sound risk management. Our Leaders coach our people to live our values and behaviours so that they can identify, report, manage and resolve risks and be accountable. The culture is supported by aligned processes, structures and systems and is measured to monitor our progress and outcomes.

This Workstream has five Deliverables consisting of 15 Activities. As at the Reporting Date, Westpac had assessed the health of this Workstream as Green.

Figure 5.2: WS2 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective
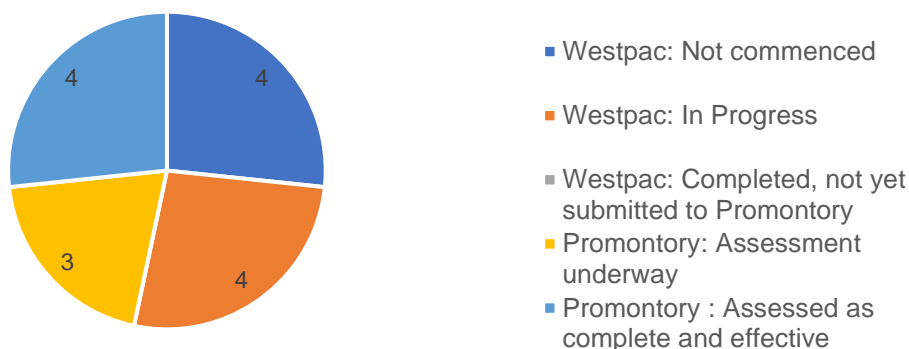
Table 5.3: WS2 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
2.1	Executive leadership culture and practices	1	3
2.2	Performance Management and Recognition Platforms	1	3
2.3	Culture measurement	1	3
2.4	Executive capabilities	1	3
2.5	Strengthening application of the Motivate framework to actively manage under performance and developing leadership skills on performance management (GM & GM1 as required)	0	3
	Total	4	15

Assessment of Deliverable 2.4

Deliverable 2.4 requires refreshing the Executive Leadership Capability Framework to support the revised Purpose, Values and Behaviours (**PVB**), and the alignment of specialist and generalist capabilities to Executive Leader accountabilities.

Activity 2.4.1

Design Activity 2.4.1 requires the review and refresh of the Executive Leadership Capability Framework to reflect skillsets which role-model Westpac's PVB, and align specialist and generalist capabilities to expected accountabilities.

Interviews were conducted with key stakeholders, including GEs and GMs, to obtain feedback on leadership challenges, concerns, governance and successes, and this feedback was addressed in order to create a 'fit-for-purpose' Executive Leadership Capability Framework.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding details of the Executive Leadership Capability Framework that address accountabilities for role types requiring specialist capabilities. Further queries were raised in relation to interdependencies between the Executive Leadership Capability Framework and Westpac's suite of HR policies.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to review and refresh the Executive Leadership Capability Framework, in part by incorporating feedback into the Framework to ensure relevance to the end user and alignment with Westpac's broader HR policies and processes.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 2.4, we will consider evidence of data which illustrates access and use of the Executive Leadership Capability Framework.

5.3.3. Workstream 3 – Risk Culture (WS3)

WS3 relates to risk culture. The objective of WS3 as set out in the Integrated Plan is that:

Westpac's risk culture supports effective risk management through the active management and oversight of risk culture within Divisions using measurement tools and assessment process to assess progress towards Westpac's target state of Proactive, whilst enabling the Board to have oversight of risk culture across the Group.

This Workstream has four Deliverables consisting of 24 Activities. As at the Reporting Date, Westpac had assessed the health of this Workstream as Green.

In relation to risk culture, Promontory notes that APRA announced a survey of risk culture across financial institutions, starting with the banking sector, during the last quarter of 2021.

Figure 5.3: WS3 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective
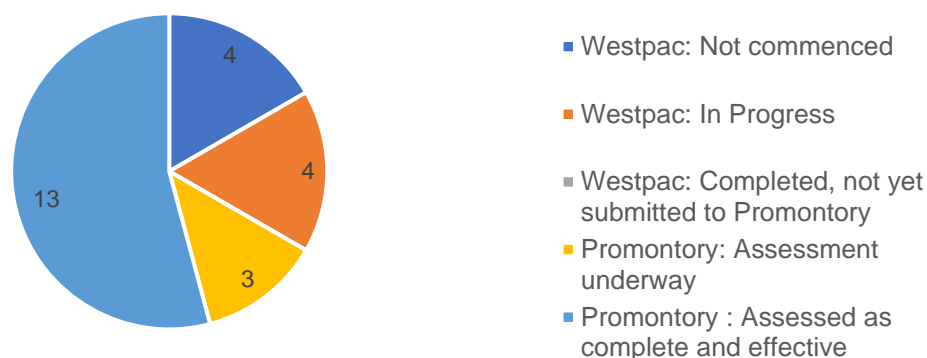
Table 5.4: WS3 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
3.1	Risk Culture Framework	3	5
3.2	Risk Culture Dashboard	2	5
3.3	Risk Culture Maturity Self-Assessment	5	8
3.4	Risk Culture Insights Program	3	6
	Total	13	24

Assessment of Deliverable 3.2

Deliverable 3.2 requires establishing a Risk Culture Dashboard in each Division, enabling a consistent approach to measuring, monitoring and reporting risk culture at divisional risk committees and across the Group.

Activity 3.2.1

Design Activity 3.2.1 requires Westpac to design and build a Risk Culture Dashboard capability for use by Divisions. It also requires the development and provision of guidance to Divisions on how to use the Risk Culture Dashboards.

The Risk Culture team, in conjunction with the Group Technology and Group Data teams, developed the Risk Culture Dashboard, which combines multiple data sources to allow Divisions to identify risk culture strengths and areas for improvement. The Project Steering Committee of the Risk Culture and Conduct Project provided oversight in relation to the development of the Risk Culture Dashboard. Guidance on the use of the Risk Culture Dashboard has also been developed and provided to the Divisions.

After reviewing the Closure Pack for this Activity, Promontory requested additional information and interviews regarding the rationale for migrating the Risk Culture Dashboard to the Strategic Insights Platform, and additional documentation evidencing the proposed approach to retooling the Risk Culture Dashboard and leveraging the Strategic Insights Platform.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to design and build the Risk Culture Dashboard, in part by collating data from sources including performance management, risk and employee surveys.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 3.2, we will consider the progress in migrating the Risk Culture Dashboard to the Strategic Insights Platform, and the effectiveness of the interim reporting solution in enabling divisional risk culture reporting. We will also consider any further changes made to the suite of risk culture metrics and the rationale for change.

5.3.4. Workstream 4 – Organisational Design (WS4)

WS4 relates to organisational design. The objective of WS4 as set out in the Integrated Plan is that:

Westpac has a consistent, simplified organisational design aligned to the Group's strategy. The organisational design provides clear role accountabilities, clarity as to how roles interrelate through end-to-end processes, and the target engagement models to enable good decision-making, drive effective risk management and underpin strong engagement across roles and structure.

Westpac senior leaders have clear accountability statements as an enabler for good decision-making that facilitate effective engagement within roles and across businesses including corporate functions. This is supported by an effective First Line organisational structure and effective engagement across all three lines of defence. Effective and speed of decision-making is enabled by Westpac's roles and responsibilities and understanding of accountability, through clear principles and guidance. Where committees are necessary, they operate without dilution of individual accountabilities.

This Workstream has four Deliverables consisting of 21 Activities. As at the Reporting Date, Westpac had assessed the health of this Workstream as Green.

Figure 5.4: WS4 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective
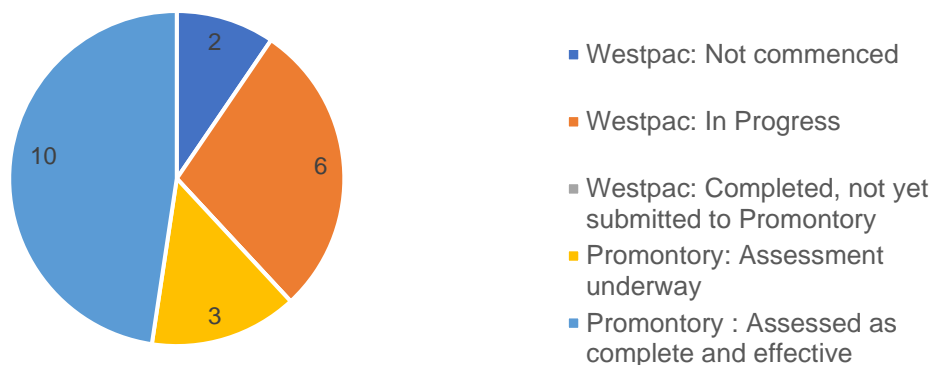
Table 5.5: WS4 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
4.1	Organisation Design Principles	1	5
4.2	3LOD model in the 1LOD	5	7
4.3	Roles, responsibilities, and delegations	3	6
4.4	Making decisions and engaging across roles	1	3
	Total	10	21

Assessment of Deliverable 4.2

Deliverable 4.2 requires strengthening First Line ownership of and accountability for risk management and compliance, establishing a Hub and Spoke model across relevant Divisions and clearly defining relevant responsibilities.

Activity 4.2.5

Implement Activity 4.2.5 involves redesigning the risk components of Line 1 job descriptions such that there is a clear articulation of risk accountabilities.

Westpac used its 3LOD target state model as the basis for articulating the risk accountabilities of Line 1 staff. The 3LOD target state model has been mapped to a series of role types that have been identified across the organisation, and a bio has been developed for each of the role types articulating the risk accountabilities for that role. At the time of initial submission of the Closure Pack, implementation of risk components within Line 1 job descriptions for some staff was to run through to September 2021.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding the timelines for implementation of risk accountabilities for all Line 1 staff and communication plans to support the implementation. As a result the following refinements were made:

- the number of role profiles were reduced;

- a mapping exercise was undertaken across the Divisions to allocate all relevant staff to a role profile; and

- all staff are required to include at least one risk goal within the Motivate system.

Based on our assessment of the Activity Closure Pack, the additional information we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to clearly document the risk accountabilities of staff across the 3LOD.

Promontory noted that as part of our assessment of subsequent Activities within Deliverable 4.2, we will consider the use of risk goals within the Motivate system and remaining activity transfers required between staff from both Lines 1 and 2.

Assessment of Deliverable 4.3

Deliverable 4.3 requires strengthening senior leadership accountability through communication and tools that demonstrate accountability being exercised, and building on behaviour-based performance frameworks to facilitate employees exercising accountability.

Activity 4.3.1

Design Activity 4.3.1 requires the design of a communication strategy and a channel to role-model accountability in practice.

Westpac developed a Group-wide communications campaign to help staff understand accountability as a behaviour. The campaign employed diverse collateral, including real-life stories from Executives, to promote accountability messaging. Westpac also developed a channel to provide a single source of information about accountability, resources and tools.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding the communications strategy design process, the communications strategy success measures and update processes for the channel.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to design a communication strategy and a channel to role-model accountability in practice.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 4.3, we will consider evidence of ongoing use of real-life senior leader stories, the annual

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review of the communications strategy, and evidence that the communications strategy is supporting the Target State of this Deliverable.

5.3.5. Workstream 5 – Remuneration & Consequence Management (WS5)

WS5 relates to remuneration and consequence management. The objective of WS5 as set out in the Integrated Plan is that:

Consequence management and remuneration adjustment frameworks for GM1 and below, and those on discretionary arrangements, work together to reinforce positive, and deter negative, risk behaviours and are used effectively and consistently in practice to achieve their goals. Expected behaviours are reinforced through remuneration and performance management policies, oversight, and practices.

This Workstream has three Deliverables consisting of 17 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.5: WS5 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective
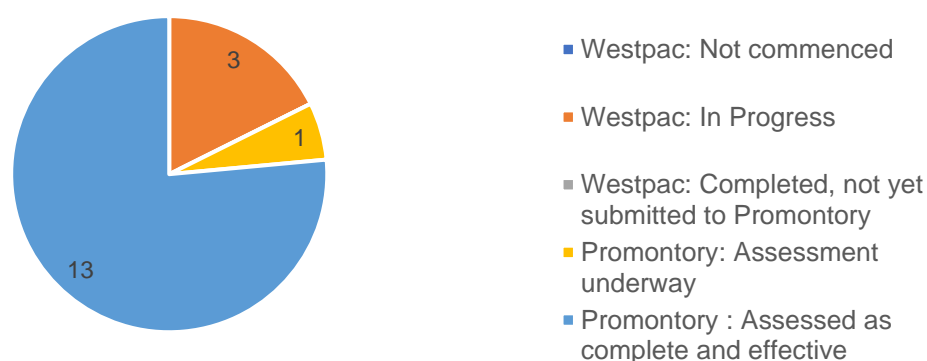
Table 5.6: WS5 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
5.1	Risk adjustment process	4	6
5.2	Risk Gate and Risk Adjustment Criteria	6	7
5.3	Remuneration Framework and Policy	3	4
	Total	13	17

5.3.6. Workstream 6 – Risk Roles and Capabilities (WS6)

WS6 relates to risk roles and capability. The objective of WS6 as set out in the Integrated Plan is that:

The Second Line operating model supports the organisation's strategic objectives and serves good risk management practices as required under the RMF and alignment with the 3LOD target model.

Adequate risk resourcing and capabilities are in place in both First and Second Line, operating in accordance with the model, including measurement systems for both capability and capacity on an ongoing basis.

There is an established operating model for risk capability development Group-wide (content owned by the Second Line as subject matter experts).

This Workstream has eight Deliverables consisting of 36 Activities. As at the Reporting Date, Westpac had assessed the health of this Workstream as Green.

Figure 5.6: WS6 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective
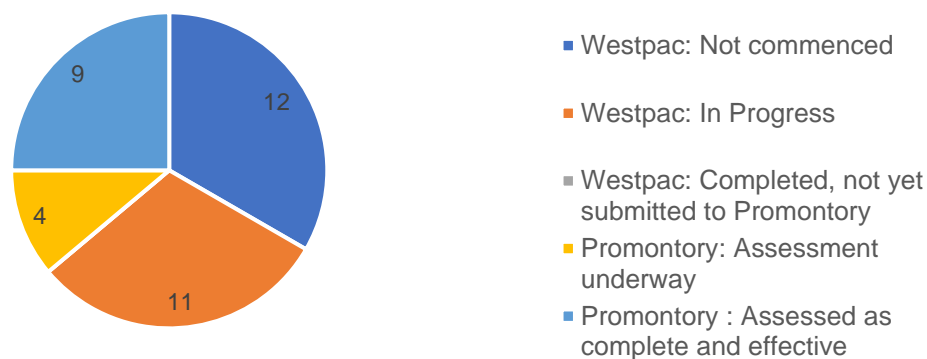
Table 5.7: WS6 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
6.1	Organisational structure in the Second Line	1	6
6.2	Risk capacity across the 3LOD	1	5
6.3	Risk capability in the Second Line	1	4
6.4	Risk capability in the First Line	2	6
6.5	Risk capability assessment	0	3

#	Deliverable	Complete and Effective Activities	Total Activities
6.6	Risk Fundamentals	2	4
6.7	Risk Knowledge Management Chatbot ('Risk Assist')	1	5
6.8	Risk reporting tools and capabilities	1	3
	Total	9	36

Assessment of Deliverable 6.1

Deliverable 6.1 requires establishing the 3LOD Second Line operating model.

Activity 6.1.3

Implement Activity 6.1.3 requires the transfer of 3LOD non-financial risk activities between First Line and Second Line based on the target state model, supported by First Line-specific change and communications activities.

Westpac addressed the Activity Closure Criteria by:

- identifying activities to be transferred;

- preparing to transfer those activities and finalising the activity transfer plan;

- executing the activity transfer plan; and

- finalising the activity transfers.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding evidence of fortnightly reviews throughout the activity transfer process, and follow-up reviews to ensure that activities are operating as expected.

Based on our assessment of the Activity Closure Pack and the additional documentation we received, we concluded that Westpac had taken appropriate steps to transfer 3LOD non-financial risk activities based on the target state model.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 6.1, we would consider how the lessons learned from the work performed under this Activity have been addressed and embedded to ensure the sustainability of Deliverable 6.1.

Assessment of Deliverable 6.6

Deliverable 6.6 requires improving risk capability through delivery of the Risk Fundamentals Program.

Activity 6.6.2

Design Activity 6.6.2 requires Westpac to design the second set of training modules for the Risk Fundamentals Program and the micro-credentials program.

Westpac addressed the Activity Closure Criteria by designing:

- one-day virtual workshops for all customer facing employees across Westpac, which were split into three modules being 'Risk Challenge', 'Building a Strong Risk Culture' and 'Through a Risk Lens' (**Risk Challenge Workshop**); and

- a 10-week formal qualification comprised of four components being 'Understanding the Micro-Credential', 'Getting Help', 'Preparing the Submission' and 'University Submission' (**'Proficient' level micro-credential**).

After reviewing the Closure Pack for this Activity, Promontory requested further information regarding the number and type of staff invited to attend each Risk Challenge Workshop, the learning materials used within the Risk Challenge Workshops, and the basis upon which staff would be deemed to have completed the training. We also requested further information on the staff required to complete the 'Proficient' level micro-credential and the relevant assessment strategy.

Based on our assessment of the Activity Closure Pack and the additional documentation we received, we concluded that Westpac had taken appropriate steps to design the second set of training modules for the Risk Fundamentals Program and the micro-credentials program.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 6.6, we would consider the activities incorporated into the Risk Challenge Workshops to test staff knowledge of materials presented. We also noted that as part of subsequent Activities within Deliverable 6.5, we would consider the assessment of staff's ability to understand their risk capabilities and any capability gaps that need to be addressed.

Assessment of Deliverable 6.7

Deliverable 6.7 requires designing and embedding a consistent way of disseminating and accessing risk management policy and guidance information across the 3LOD via a chatbot, 'Risk Assist'.

Activity 6.7.1

Design Activity 6.7.1 requires Westpac to:

- design and approve the Risk Assist Roadmap for FY21;

- build the risk management content for the chatbot; and

- design and approve the communication strategy and roll-out plan.

Westpac addressed the Activity Closure Criteria by consulting with key stakeholders to develop the Risk Assist Roadmap for FY21, building the content for Risk Assist in accordance with the Risk Assist Roadmap for all topics except Breach Reporting, and leveraging the communication plan developed as part of work done under Deliverable 10.4.

After reviewing the Closure Pack for this Activity, Promontory requested further information regarding the rationale for choosing the eight risk topics that were included in the Risk Assist Roadmap for FY21 and whether Westpac had identified topics to be implemented for FY22. We also requested further information regarding the approach applied to test that the sufficient information is supplied by Risk Assist in relation to relevant policies.

Based on our assessment of the Activity Closure Pack and the additional documentation we received, we concluded that Westpac had taken appropriate steps to design and approve the Risk Assist Roadmap for FY21, to build the risk management content for Risk Assist and to design and approve the communication strategy and roll-out plan.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 6.7, we will consider:

- the level of consistency between policies related to Risk Assist and the content built into Risk Assist;

- the progress of Breach Reporting content being launched in Risk Assist;

- communications activities relating to Risk Assist promotion; and

- feedback provided by users and whether this has been incorporated into Risk Assist as part of the iterative and ongoing build and update process.

5.4. Transformation Capability & Delivery Theme Deliverables

5.4.1. Theme Progress

During the Reporting Period Promontory assessed four Transformation Capability & Delivery Theme Activities as complete and effective. Taking into account Activities assessed as complete and effective in previous Reporting Periods, as at the Reporting Date, a total of 15 of the 31 Transformation Capability & Delivery Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for four Transformation Capability & Delivery Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing three of the 31 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on 13 of the 31 Activities for this Theme.
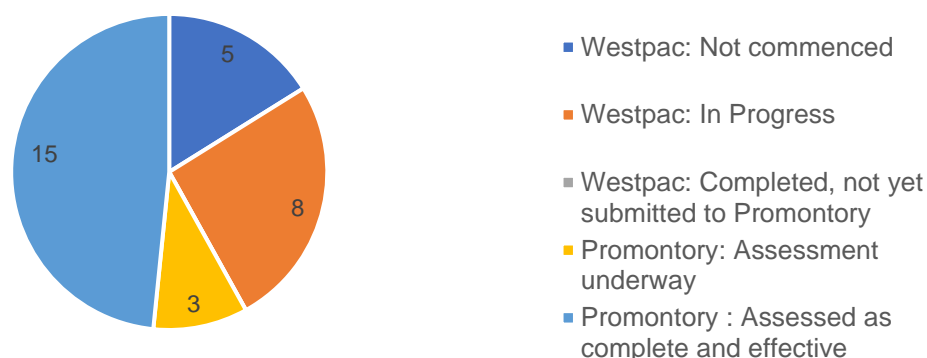
5.4.2. Workstream 7 – Transformation Capability and Delivery (WS7)

WS7 relates to transformation capability and delivery. The objective of WS7 as set out in the Integrated Plan is that:

Westpac's transformation operating model, including clear roles and responsibilities, capability, frameworks, policies, standards (including Risk in Change) and tools, is designed and operationalised to successfully deliver Westpac's change agenda.

This Workstream has seven Deliverables consisting of 31 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Amber.

Figure 5.7: WS7 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.8: WS7 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
7.1	Enterprise investment prioritisation reporting and submissions	1	4
7.2	Enterprise change oversight (incl. committees and Line 2 role)	1	3
7.3	Transformation governance and delivery standards	1	3
7.4	Transformation capability	1	3
7.5	Risk in Change accountabilities and training	3	5
7.6	Risk in Change practices	4	6
7.7	Risk in Change reporting	3	7
	Total	15	31

Assessment of Deliverable 7.2

Deliverable 7.2 requires enterprise change oversight to provide an appropriate level of attention to risk considerations in Enterprise Portfolio Committee (**EPC**) meetings and transparency in funding decisions at divisional forums.

Activity 7.2.1

Design Activity 7.2.1 requires Westpac to design changes to enable the inclusion of risk considerations in EPC meetings and the transparency of funding decisions in divisional forums.

In meeting the Closure Criteria, Westpac defined four design components, including governance structure, Executive Team Transformation (**ETT**) meeting design, divisional governance requirements and a Roles and Accountabilities model. Enhancements were then made to each of these components.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding the difference made by the enhancements.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to design relevant enhancements to the EPC and the divisional forums.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 7.2, we will consider the transformation of the EPC into the ETT.

Assessment of Deliverable 7.3

Deliverable 7.3 requires establishing and embedding the target state framework, policies, standards, tools, and procedures for transformation governance and delivery management to enable achievement of enterprise and divisional objectives.

Activity 7.3.1

Design Activity 7.3.1 requires Westpac to define the enhancements to standards and tools for change delivery governance, management and assurance.

Instead of building on existing frameworks Westpac took a holistic view of what best practice should look like in the refreshed environment. This included redefining the scope of change delivery to include both Projects and Business Initiatives, considering leading practice in change management delivery, and focusing on rationalisation, simplification, automation and improved usability when designing the enhancements.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding input from the accountable GE and GM, the standards and tools for change delivery, and governance of change delivery.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to define enhancements to standards and tools for change delivery governance management, and assurance.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 7.3 we will consider any future changes to the Portfolio Management Standard, and practicality for the end user.

Assessment of Deliverable 7.4

Deliverable 7.4 requires establishing, uplifting and embedding an enterprise capability for transformation governance and change delivery to enable achievement of Group and divisional objectives.

Activity 7.4.1

Design Activity 7.4.1 requires Westpac to define the Group and divisional transformation and change capability, including a Group delivery assurance Centre of Expertise (**CoE**) and the Capability Assessment Framework (**CAF**).

Westpac designed the Group delivery assurance CoE to provide advisory and coaching support to strategic transformation initiatives to help navigate material risks, develop recovery pathways and source required subject matter expertise. Westpac also designed the CAF to assess individual capability proficiency against the capabilities defined.

After reviewing the Closure Pack for this Activity, Promontory requested additional documentation regarding the governance of the Group delivery assurance CoE and the artefacts used to inform the design of the CAF.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to define the Group delivery assurance CoE and the CAF.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 7.4, we will consider how the implementation of the Group delivery assurance CoE and the CAF achieves what they aim to achieve.

Assessment of Deliverable 7.5

Deliverable 7.5 requires Westpac to establish target state 3LOD roles and responsibilities for managing Risk in Change and a supporting capability pathway for change leaders and change practitioners to strengthen accountability to successfully deliver change outcomes.

Activity 7.5.3

Implement Activity 7.5.3 requires Westpac to update and communicate the roles and responsibilities aligned to the 3LOD model for change management and delivery.

Westpac implemented changes to the defined 3LOD roles and responsibilities across all Divisions to reflect the publication of role profiles summarising responsibilities by role. Westpac operationalised these roles and responsibilities across change management and delivery activities through a matrix that is used to identify the roles and responsibilities of each stakeholder working on a project.

After reviewing the Closure Pack for this Activity, Promontory requested a copy of the matrix that was used to identify the roles and responsibilities of each stakeholder working on a project, as well as a guided walkthrough of it to better understand how it works.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to update and communicate the roles and responsibilities for change management and delivery.

5.5. Risk & Compliance Management Theme Deliverables

5.5.1. Theme Progress

During the Reporting Period Promontory assessed eight Risk & Compliance Management Theme Activities as complete and effective. Taking into account Activities assessed as complete and effective in previous Reporting Periods, as at the Reporting Date, a total of 31 of the 99 Risk & Compliance Management Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for 16 Risk & Compliance Management Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing 11 of the 99 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on 57 of the 99 Activities for this Theme.

5.5.2. Workstream 8 – Risk Management Framework (WS8)

WS8 relates to the risk management framework. The objective of WS8 as set out in the Integrated Plan is that:

Westpac's Risk Management Framework (including supporting components) establishes a sound basis for risk management across the Group through effective mechanisms for risk
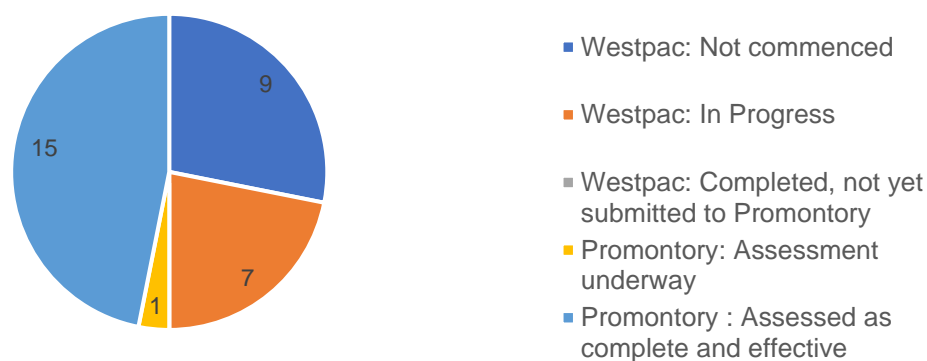
identification, measurement, monitoring and reporting. It is aligned with the organisational design and supports sound risk-based decision-making at Board and across the Group.

This Workstream has eight Deliverables consisting of 32 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.8: WS8 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.9: WS8 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
8.1	Risk Management Frameworks and 3LOD	5	7
8.2	Group and Divisional RAS	3	5
8.3	Risk Policy management	3	5
8.4	Reputation Risk and Sustainability Risk	0	3
8.5	Emerging Risks	1	3
8.6	Risk Committees	1	3
8.7	ERM Dashboard	2	3
8.8	Prudential Governance Framework	0	3
	Total	15	32

Assessment of Deliverable 8.1

Deliverable 8.1 requires aligning the Risk Management Frameworks to the target state 3LOD model and the new Risk Taxonomy, and incorporating changes from other CORE Program Workstreams.

Activities 8.1.3 and 8.1.4

Design Activities 8.1.3 and 8.1.4 require Westpac to define risk class 3LOD target state models, and the design 3LOD target state guides for the remaining risk classes.

Westpac designed target state guides for eight risk classes, with the other three having already been released in 2020. In designing the guides, feedback from Risk Class Owners and Subject Matter Expert (**SME**) teams in Line 1 was considered and incorporated where appropriate. Westpac will review the guides on an ongoing basis, at least every two years, or earlier where required.

Based on our assessment of the Activity Closure Pack, we concluded that Westpac had taken appropriate steps to define the risk class 3LOD target state models and design the 3LOD target state guides for the remaining risk classes.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 8.1, we will consider the results of the review of the 3LOD Model Standard, and the results of the review of the existing guides for Operational Risk, Compliance and Conduct and Financial Crime. We will also consider whether Westpac has sought to identify whether there are any inconsistencies across the various 3LOD artefacts.

Assessment of Deliverable 8.3

Deliverable 8.3 requires enhancing the Frameworks and Policy Management Policy (**FPMP**) to reduce policy proliferation and complexity and clarify of policy ownership, rationalising risk policies, and creating a policy register in JUNO to centralise governance of risk policies.

Activity 8.3.3

Implement Activity 8.3.3 requires the Risk Framework and Policy Owners to conduct a self-assessment of existing frameworks and policies against the requirements of the enhanced FPMP, and develop action plans to remediate any identified gaps.

Risk Document Owners completed a self-assessment and gap analysis template based on the FPMP requirements. This was supported by briefing sessions which detailed the requirements of the FPMP, to assist Risk Document Owners with understanding the requirements. This was then followed by a review and challenge of the self-assessments by SMEs. Action plans were then signed off by Risk Document Owners and Risk Class Owners.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding the areas that we noted that we would consider as part of this Activity following our assessment of previous Activities within Deliverable 8.3.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate

steps to develop action plans to update Risk Documents to meet the requirements of the updated FPMP.

Assessment of Deliverable 8.5

Deliverable 8.5 requires enhancing focus on the identification and management of emerging risks.

Activity 8.5.1

Design Activity 8.5.1 requires a review of the emerging risk approach, including identification, consideration and reporting of emerging risks.

The Enterprise Risk team performed a current state assessment (**CSA**) on the emerging risk approach and identified deficiencies and opportunities for improvement. The CSA was discussed with the Emerging Risk Working Group and feedback enabled the development of a target approach set out in the Emerging Risk Management Practice Guide.

Based on our assessment of the Activity Closure Pack we concluded that Westpac had taken appropriate steps to review and define the emerging risk approach.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 8.5, we will consider the system to be used for documenting emerging risks and whether it supports the achievement of the outcomes included within the Emerging Risk Management Practice Guide.

Assessment of Deliverable 8.6

Deliverable 8.6 requires reviewing and refining the First Line and Second Line risk committee structures to support effective decision making and accountabilities.

Activity 8.6.1

Design Activity 8.6.1 requires Westpac to identify and define proposed enhancements to Group and divisional risk committees.

The process for redesigning the Risk Committee target state took into consideration the perspectives and requirements of key senior risk decision makers, and industry good practice. From this basis Westpac developed organising principles, Risk Committee profiles, escalation and referral guidelines, and template Terms of Reference. The proposed Risk Committee structure and operating model was then refined into its final form and endorsed by the Group CRO.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding alignment of the Risk Committee target state to Westpac's 3LOD principles, documentation covering the committee review, and how timely escalation and reporting of risk issues would be brought to the BRiskC.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to review the Group's risk committee structure and identify proposed enhancements.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 8.6, we will consider how chairs of the committees are making decisions on how they implement the Risk Committee target state.
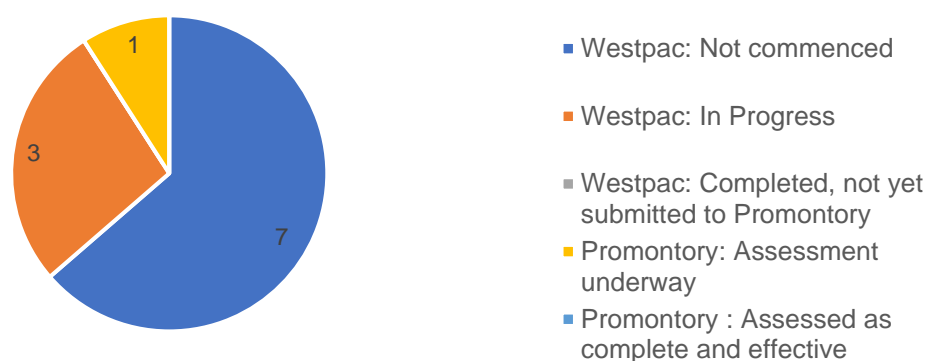
5.5.3. Workstream 9 – Non-Financial Risk Reporting and JUNO Functionality (WS9)

WS9 relates to non-financial risk reporting and JUNO functionality. The objective of WS9 as set out in the Integrated Plan is that:

JUNO is enhanced, including provision of consistent, timely and meaningful risk information to the Board and management through standardised risk reports and dashboards that provide insights and inform decision-making. JUNO is the system of record for non-financial risks, obligations, controls, issues, and incidents, with underlying data and quality requirements defined and reported against.

This Workstream has three Deliverables consisting of 11 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.9: WS9 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.10: WS9 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
9.1	NFR infrastructure, analytics, and reports	0	3
9.2	JUNO functionality upgrade	0	4

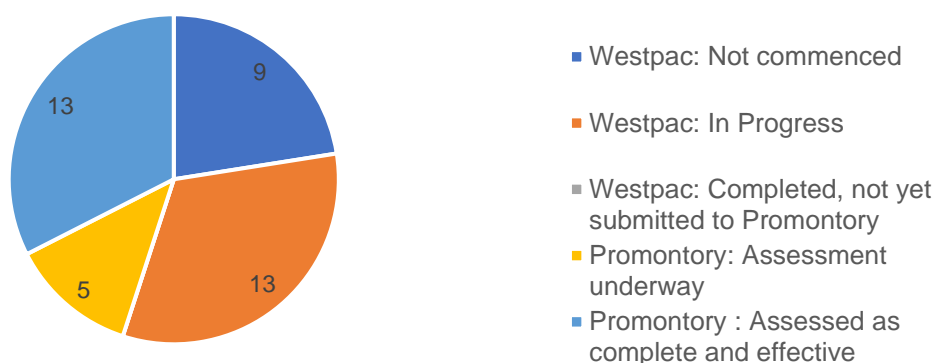| #	Deliverable	Complete and Effective Activities	Total Activities
9.3	JUNO data quality and support model	0	4
	Total	0	11

5.5.4. Workstream 10 – End-to-end Risk and Control Environment (WS10)

WS10 relates to the end-to-end risk and control environment. The objective of WS10 as set out in the Integrated Plan is that:

A robust risk and control environment is in place to manage risks and obligations in business processes along the end-to-end value chain, including identifying and assessing risks, establishing controls for risks and obligations and where issues are identified or incidents occur, addressing them with appropriate diligence. Risks are regularly reviewed as an integral part of the business, and accountabilities and responsibilities are clear and understood. There is awareness and understanding of key issues and root causes, and issues are resolved in a timely and sustainable manner.

This Workstream has seven Deliverables consisting of 40 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.10: WS10 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.11: WS10 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
10.1	Risk assessment and Value Chains	0	7
10.2	Group Controls Library	2	8

#	Deliverable	Complete and Effective Activities	Total Activities
10.3	Controls self-assessment	1	3
10.4	Issues management	7	10
10.5	Incident management	0	3
10.6	Root cause analysis	3	6
10.7	Value Chain Maintenance solution	0	3
	Total	13	40

Assessment of Deliverable 10.4

Deliverable 10.4 requires improving issues management practices and outcomes by having a clear understanding of the issues management lifecycle, and achieving greater quality, consistency and timeliness in the recording, management, monitoring and resolution of issues.

Activity 10.4.7

Implement Activity 10.4.7 requires the removal of JUNO system limitations around highest-importance incidents and the renaming of the root cause field to remove confusion on the scope use of root cause analysis.

The JUNO Simplification and Enhancement project developed a business requirement to automate the population of the mandatory stakeholder field when new incidents are rated high and above. JUNO Simplification and Enhancement project also developed business requirements to change the 'root cause' field to 'direct cause' in JUNO.

Based on our assessment of the Activity Closure Pack, we concluded that Westpac had taken appropriate steps to remove relevant JUNO limitations and make changes to the 'root cause' field.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 10.4, we will consider whether the manual process of keeping the roles and names up to date in JUNO is working effectively and efficiently.
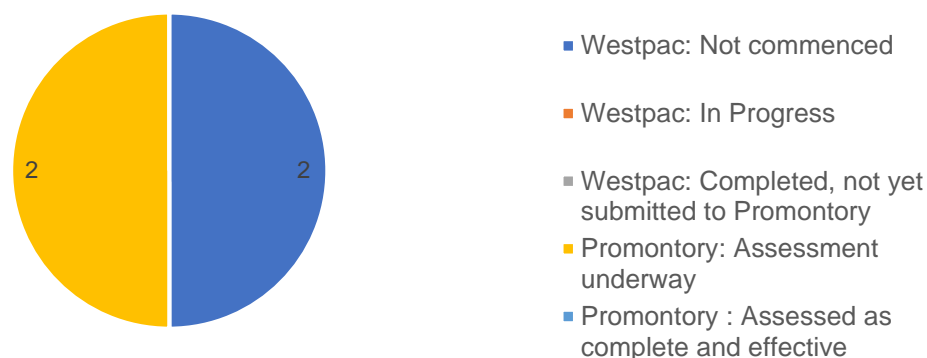
5.5.5. Workstream 11 – Assurance (WS11)

WS11 relates to assurance. The objective of WS11 as set out in the Integrated Plan is that:

Westpac builds and embeds a targeted, agreed and repeatable coordinated assurance approach across the 3LOD with clear roles and responsibilities, defined minimum level of assurance coverage, and structured and clearly articulated reassurance and reliance across the 3LOD and external auditor. Clearly prioritised annual assurance planning results are detailed in First Line, Second Line and Third Line assurance plans.

This Workstream has one Deliverable consisting of four Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.11: WS11 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.12: WS11 Deliverable Progress

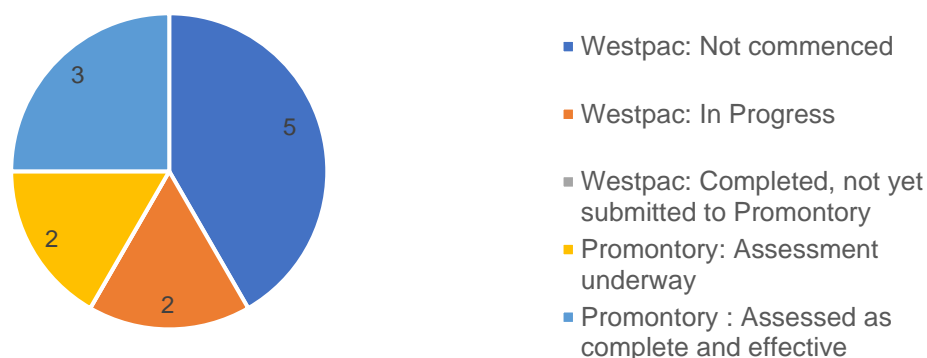| #	Deliverable	Complete and Effective Activities	Total Activities
11.1	Assurance	0	4
	Total	0	4

5.5.6. Workstream 12 – Compliance Management (WS12)

WS12 relates to compliance management. The objective of WS12 as set out in the Integrated Plan is that:

Westpac has a consistent view of its material obligations that is reflected in the Obligations Library, with clear responsibilities for ensuring consistency and completeness of each element of the Library. The processes to identify, assess and report breaches internally and to regulators if required are effective, efficient and conform with regulatory requirements. Regulatory commitments are systematically and effectively managed.

This Workstream has four Deliverables consisting of 12 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.12: WS12 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.13: WS12 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
12.1	Compliance Obligations management	1	3
12.2	Breach reporting	1	3
12.3	Regulatory commitments	0	3
12.4	Managing regulatory developments	1	3
	Total	3	12

Assessment of Deliverable 12.1

Deliverable 12.1 requires Westpac to implement consistent governance across different risk class obligations libraries, and relevant Risk Class Owners to review their respective libraries to evidence compliance with governance.

Activity 12.1.1

- Design Activity 12.1.1 requires Westpac to:

- develop Obligations Library policies that are applied to all Obligations Libraries;

- develop Obligations Management policies which establish how the Divisions and LoBs are to apply the Obligation Libraries;

- complete a gap analysis across Obligation Libraries; and

- remediate gaps identified in material obligations.

Westpac defined a consistent approach for obligations management across the Group and ensure material gaps in Obligation Libraries have been identified and remediated. This was evidenced through:

- Obligations Library standards;

- Obligations Management standards; and

- external review evidencing completeness of libraries.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding the details of the approach to the above three matters, including the robustness of the gap analysis, and establishing a clear linkage between the obligations, risk taxonomies and the risk policy framework.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to establish a consistent approach for obligations management across the Group and ensure material gaps in Obligation Libraries have been identified and remediated.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 12.1, we will consider the adequacy of training and capabilities, revisions to policy and framework documents, and the effectiveness of the Obligations Library Policy in ensuring a consistent and sustainable approach to managing obligations.

Assessment of Deliverable 12.2

Deliverable 12.2 requires establishing effective breach reporting for compliance-related incidents, which reflects the most recent changes in ASIC breach reporting requirements.

Activity 12.2.1

Design Activity 12.2.1 requires Westpac to review and revise breach reporting to reflect regulatory requirements and improved alignment with the incident management approach.

The primary mechanism for completing this Activity, was the creation of the Breach Reporting Law Reform Project. This project was overseen by a Steering Committee, the Project Working Groups and Business SMEs. A Target Operating Model was created to define the changes to the way the Business conducts its breach reporting. Westpac also made changes to the relevant policies and made updates to JUNO.

Based on our assessment of the Activity Closure Pack, we concluded that Westpac had taken appropriate steps to revise breach reporting to reflect changes to the regulatory requirements.

5.6. Conduct Theme Deliverables

5.6.1. Theme Progress

During the Reporting Period Promontory assessed one Conduct Theme Activity as complete and effective. Taking into account Activities assessed as complete and effective in previous Reporting Periods, as at the Reporting Date, a total of five of the 15 Conduct Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for three Conduct Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing two of the 15 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on eight of the 15 Activities for this Theme.
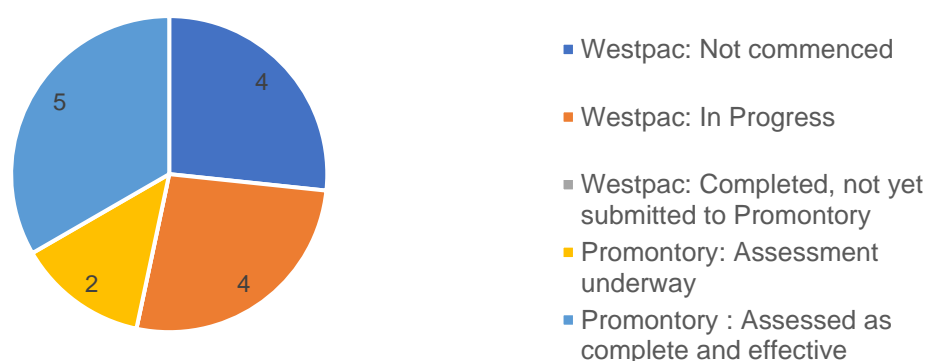
5.6.2. Workstream 13 – Conduct Risk (WS13)

WS13 relates to conduct risk. The objective of WS13 as set out in the Integrated Plan is that:

Management of Conduct Risk is supported by clear expectations that are anchored in the Code of Conduct, clear roles and responsibilities, relevant training, and a standard way of assessing, measuring and reporting conduct risk.

This Workstream has four Deliverables consisting of 15 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.13: WS13 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.14: WS13 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
13.1	New Code of Conduct	3	5
13.2	Conduct Risk training and guidelines	0	4
13.3	Conduct Risk 3LOD target operating model	1	3
13.4	Conduct Risk assessment and reporting	1	3
	Total	**5**	**15**

Assessment of Deliverable 13.4

Deliverable 13.4 requires establishing a standard way of assessing, measuring and reporting Conduct Risk across the Group.

Activity 13.4.1

Design Activity 13.4.1 requires Westpac to develop a Conduct Risk measurement, assessment and reporting methodology that aligns with the new Conduct RAS metrics, Compliance Risk Assessment process and Risk Culture Dashboard.

Westpac developed the Compliance and Conduct Risk Assessment Playbook to provide guidance on the Conduct Risk assessment methodology to be applied across the Group. Westpac also developed a suite of Conduct Risk measures that are based on its Code of Conduct to facilitate a standardised view of Conduct Risk across the Group.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding the extent to which Conduct Risk measures designed in this Activity are expected to be augmented within each of the Divisions to reflect the differing conduct risks that can arise across the Divisions and LoBs in Westpac.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to develop Conduct Risk measurement, assessment and reporting methodology that aligns with Westpac's Conduct RAS metrics, Compliance Risk Assessment process and Risk Culture Dashboard.

5.7. Complaints Theme Deliverables

5.7.1. Theme Progress

During the Reporting Period Promontory assessed one Complaints Theme Activity as complete and effective. Taking into account Activities assessed as complete and effective in

previous Reporting Periods, as at the Reporting Date, a total of 15 of the 18 Complaints Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for zero Complaints Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing one of the 18 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on two of the 18 Activities for this Theme.
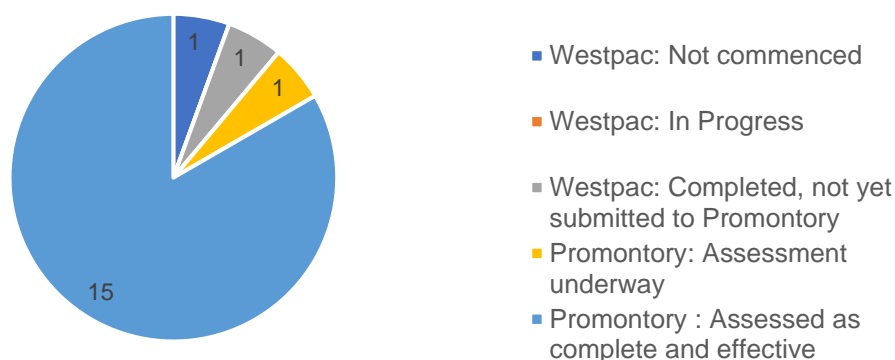
5.7.2. Workstream 14 – Customer Complaints (WS14)

WS14 relates to customer complaints. The objective of WS14 as set out in the Integrated Plan is that:

Westpac's approach towards Complaints management creates a strong culture that welcomes feedback and values complaints. There is clear accountability in the frontline for timely first point resolution, and the escalation process into Customer Solutions is efficient. Effective complaints management is supported by systems, reporting, and training.

This Workstream has four Deliverables consisting of 18 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.14: WS14 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.15: WS14 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
14.1	Complaints Management changes	3	3
14.2	Operationalisation of updated Customer Complaints Policy	5	5

#	Deliverable	Complete and Effective Activities	Total Activities
14.3	Complaints Management System, Release 1 (Main Bank excluding Wealth)	5	6
14.4	Release 2 of Complaints Management System (Divisions within Wealth and additional features)	2	4
	Total	**15**	**18**

Assessment of Deliverable 14.4

Deliverable 14.4 requires establishing a centralised complaints system.

Activity 14.4.2

Implement Activity 14.4.2 requires Westpac to build, test and roll-out enhanced functionality in the Resolve system to Divisions within the Wealth business. The Activity also requires Westpac to develop a high-level plan for Release 2.2.

The build and test of the enhanced functionality was conducted over a series of build sprints and test sprints. The approach enabled iteration of the solution, assessment of gaps, consideration and incorporation of user feedback. Throughout the process, 'Go/ No Go' meetings were held to assess readiness and to support decisioning to 'go live'. The roll-out occurred over a two-month period with multiple checkpoints to ensure appropriate execution.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding follow up items from Activity 14.4.1, a high-level plan for Release 2.2, and further details on the testing methodology.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to build, test and roll-out enhanced functionality of the Resolve system to relevant users.

5.8. Technology & Data Risk Theme Deliverables

5.8.1. Theme Progress

During the Reporting Period Promontory assessed one Technology & Data Theme Activities as complete and effective. Taking into account Activities assessed as complete and effective in previous reporting periods, as at the Reporting Date, a total of four of the 25 Technology & Data Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for four Technology & Data Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing four of the 25 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on 17 of the 25 Activities for this Theme.

5.8.2. Workstream 15 – Technology Risk Governance (WS15)

WS15 relates to technology risk governance. The objective of WS15 as set out in the Integrated Plan is that:

In accordance with the RMF, there are mechanisms in place to manage technology risk and resilience, including assessing the significance of systems, setting the technology risk appetite, delivering a multi-year technology roadmap aligned to strategy and business priorities as well as risk considerations, and regularly reviewing and recalibrating progress against the roadmap.

This Workstream has four Deliverables consisting of 14 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.15: WS15 Activity Status
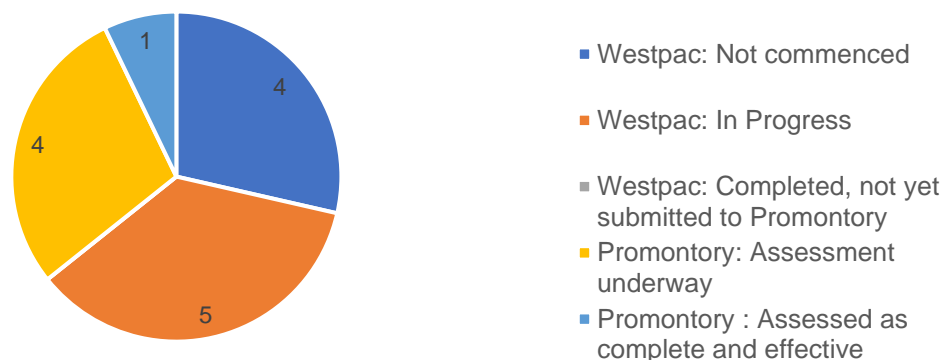
Table 5.16: WS15 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
15.1	Identification and measurement of technology risk (RAS and KRIs)	0	3
15.2	Technology service risk	1	5

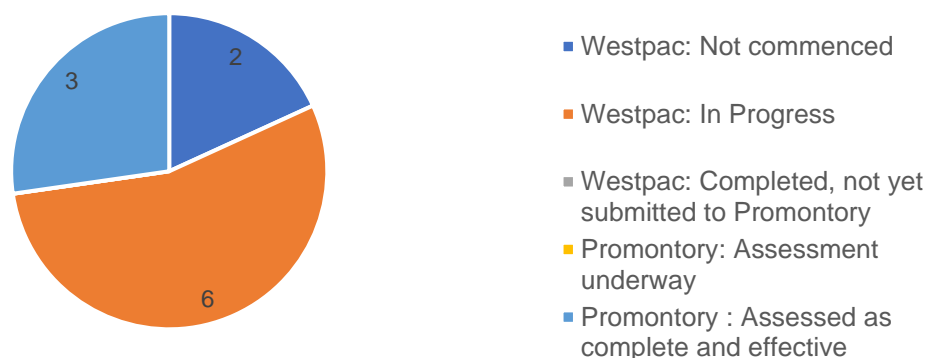| #	Deliverable	Complete and Effective Activities	Total Activities
15.3	Technology roadmap prioritisation and investment governance	0	3
15.4	Technology risk oversight and reporting	0	3
	Total	1	14

5.8.3. Workstream 16 – Data Risk Governance (WS16)

WS16 relates to data risk governance. The objective of WS16 as set out in the Integrated Plan is that:

The Group's data oversight and operating model has been strengthened through appointing accountable owners for data quality across the Group and setting up oversight committees to manage delivery of the execution plan and the pathway to meeting risk appetite.

This Workstream has three Deliverables consisting of 11 Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.16: WS16 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.17: WS16 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
16.1	Data oversight and reporting	2	5
16.2	Tooling and execution	0	3

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#	Deliverable	Complete and Effective Activities	Total Activities
16.3	Incident definition and rating	1	3
	Total	3	11

Assessment of Deliverable 16.3

Deliverable 16.3 requires implementing a framework and definitions for defining and categorising data incidents for management.

Activity 16.3.1

Design Activity 16.3.1 requires Westpac to define data incident and problem management processes, including the rating of data incidents for management.

Westpac established a design approach and principles to guide the Activity. Key terminology was defined, as were the associated actions, guided by processes and procedures, relevant to the terminology. Westpac developed an outline of the governance arrangements for the reporting of incidents, problems and issues to forums including, BRiskC, Executive Data Owner Working Group, the Enterprise Information Management Committee, and the Enterprise Information Management Priority Sub Committee.

After reviewing the Closure Pack for this Activity, Promontory requested further information and interviews regarding clarification of the document hierarchy, clarification of key terminology, the structure and responsibilities of relevant teams, clarification of how root cause analysis is undertaken, and governance arrangements for relevant documentation.

Based on our assessment of the Activity Closure Pack, the additional documentation we received and the interviews we conducted, we concluded that Westpac had taken appropriate steps to define data incident and problem management processes, including rating of data incidents for management.

Promontory noted that, as part of our assessment of subsequent Activities within Deliverable 16.3, we will consider evidence of relevant policies being updated, formal documentation of the Data Incident and Problem Management process, evidence of key definitions added to the updated Incident Priority Guidelines, and explanation of process optimisation which led to the removal of key terminology.

5.9. Financial Risk Classes Theme Deliverables

5.9.1. Theme Progress

During the Reporting Period Promontory assessed zero Financial Risk Classes Theme Activities as complete and effective. Taking into account Activities assessed as complete and effective in previous reporting periods, as at the Reporting Date, a total of zero of the 12 Financial Risk Classes Theme Activities had been assessed as complete and effective.

During the Reporting Period Westpac submitted the Closure Pack for zero Financial Risk Classes Theme Activities to Promontory. As at the Reporting Date Promontory was in the process of assessing zero of the 12 Activities for this Theme.

At the Reporting Date Westpac was working, or yet to commence work, on 12 of the 12 Activities for this Theme.
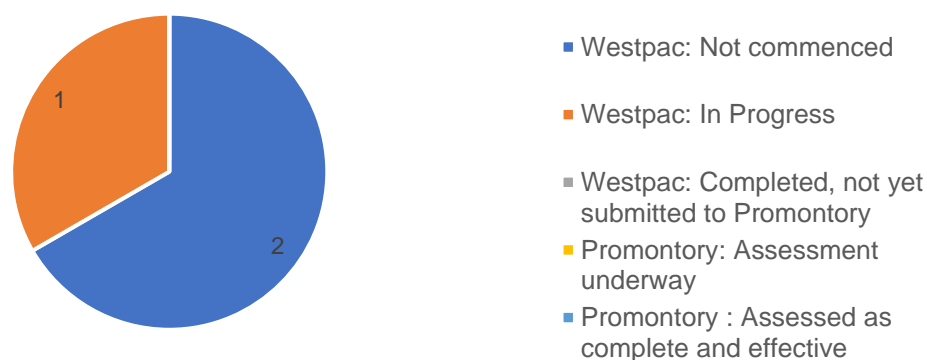
5.9.2. Workstream 17 – Credit Risk Governance (WS17)

WS17 relates to credit risk governance. The objective of WS17 as set out in the Integrated Plan is that:

Westpac has an effective control environment to track, manage, and report, internally and externally, on credit risk governance, ensuring consistent application of relevant Prudential Standards and Reporting Standards and appropriate controls to inform effective decision-making.

This Workstream has one Deliverables consisting of three Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.17: WS17 Activity Status

Table 5.18: WS17 Deliverable Progress

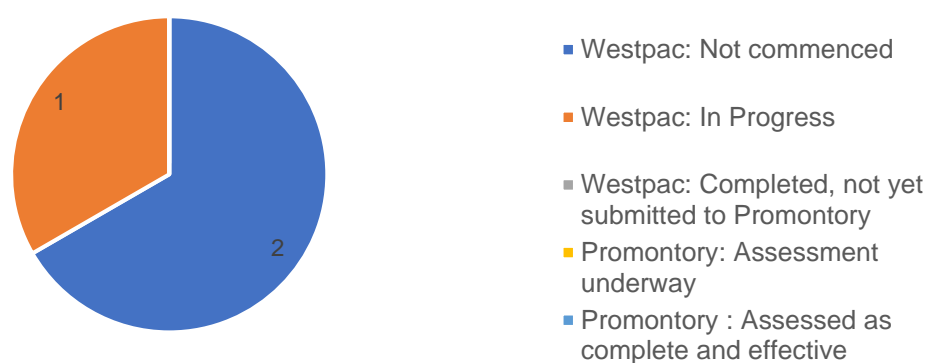| #	Deliverable	Complete and Effective Activities	Total Activities
17.1	Credit Risk governance	0	3
	Total	0	3

5.9.3. Workstream 18 – Market Risk Governance (WS18)

WS18 relates to market risk governance. The objective of WS18 as set out in the Integrated Plan is that:

Westpac has an effective control environment to track, manage, and report, internally and externally, on market risk governance, ensuring consistent application of relevant Prudential Standards and Reporting Standards and appropriate controls to inform effective decision-making.

This Workstream has one Deliverables consisting of three Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Amber.

Figure 5.18: WS18 Activity Status

Table 5.19: WS18 Deliverable Progress

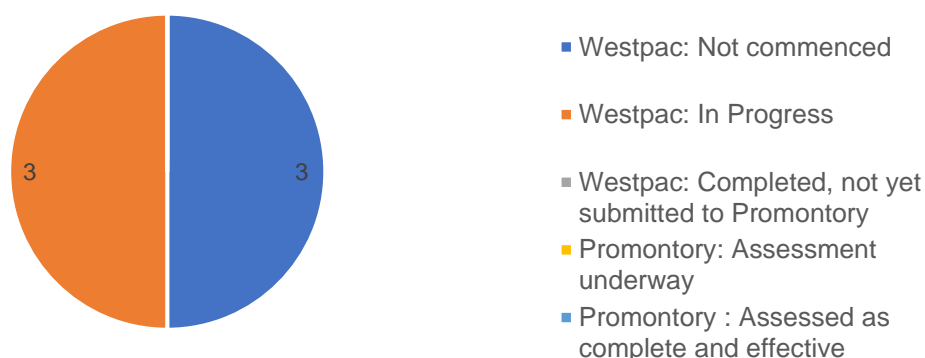| #	Deliverable	Complete and Effective Activities	Total Activities
18.1	Market Risk governance	0	3
	Total	0	3

5.9.4. Workstream 19 – Liquidity and Capital Adequacy Risk Governance (WS19)

WS19 relates to liquidity and capital adequacy risk governance. The objective of WS19 as set out in the Integrated Plan is that:

Westpac has an effective control environment to track, manage, and report, internally and externally, on liquidity risk and capital adequacy risk governance, ensuring consistent application of relevant Prudential Standards and Reporting Standards, and appropriate controls to inform effective decision-making.

This Workstream has two Deliverables consisting of six Activities. As at the Reporting Date Westpac had assessed the health of this Workstream as Green.

Figure 5.19: WS19 Activity Status

- Westpac: Not commenced
- Westpac: In Progress
- Westpac: Completed, not yet submitted to Promontory
- Promontory: Assessment underway
- Promontory : Assessed as complete and effective

Table 5.20: WS19 Deliverables Progress

#	Deliverable	Complete and Effective Activities	Total Activities
19.1	Liquidity Risk governance	0	3
19.2	Capital Adequacy Risk governance	0	3
	Total	**0**	**6**